

**Department of the Treasury**

**Community  
Development  
Financial  
Institutions  
Fund**

**Fiscal Year 1997  
Annual Report**

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## *Vision*

Implement a new direction for community development initiatives, by using limited public resources to invest in and build the capacity of the private sector to address the community development financing needs of distressed communities and disadvantaged populations. This will:

- ✓ unleash large amounts of private capital;
- ✓ take full advantage of private sector human talent, energy and creativity;
- ✓ revitalize neighborhoods;
- ✓ encourage and promote entrepreneurs;
- ✓ restore healthy private market activity in distressed communities; and
- ✓ empower local residents.

## *Mission*

Promote economic revitalization and community development through investment in and assistance to community development financial institutions (CDFIs) and through encouraging insured depository institutions to increase lending, financial services and technical assistance within distressed communities and to invest in CDFIs.

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## Message from the Director

The Community Development Banking and Financial Institutions Act of 1994 created a Community Development Financial Institutions (CDFI) Fund to promote economic revitalization and community development through investment in and assistance to community development financial institutions. Our activities are intended to provide greater access to capital for urban, rural, and Native American communities that face serious social and economic problems.

The institutions we support make a difference in communities all across the country. Our funds are used to leverage substantial private sector dollars into these communities and create replicable models for poverty alleviation through economic growth. Investment in businesses, housing, commercial real estate, human development, and urban activities that promote long-term economic and social viability are critical to our well being as a country. As a result of the Fund's investments in institutions serving the underserved, we make economic independence a reality for many more people.



The Fund faced many challenges as it established itself, developing policy and programs with limited staff. Through the end of fiscal year 1997, the Fund has made 79 awards totaling over \$75 million to CDFIs across the country, and 92 awards totaling \$30 million to banks and thrifts for their efforts in providing creative loans, financial assistance and investments in distressed communities. In January 1997, the Fund managed the first Presidential Awards for Excellence in Microenterprise Development.

As the Fund has evolved so has its staff. In November 1997, Paul Gentile joined our staff as our Deputy Director for Management and CFO. Paul has had a long career in the Federal Government and brings much experience to his role. Our counsel, Maurice Jones, has recently become Deputy Director for Policy and Programs.

In January 1998, I joined the Fund as its second Director. I have a long-term commitment to community development and our basic operating premise — that small amounts of federal dollars can stimulate significant private sector investment in poor communities. We are currently building our team and organizational structure, and plan to have a full staff on board by the end of the fiscal year. Working with our two Deputy Directors will be a cadre of professionals, able to implement our programs prudently and think creatively, as we move forward to further our mission.

The CDFI industry faces many challenges as it grows and strives to increase its impact. I believe the Fund will facilitate that growth through training and technical assistance initiatives beginning later this year. We will also study the impact of the Fund's investments and engage the community development field through a variety of outreach and communications efforts.

I look forward to building our staff, growing our programs, and ensuring the taxpayer's investment in the Fund catalyzes significant economic activity in distressed communities.

*Ellen W. Lazar*

Ellen W. Lazar  
Director

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## Message from the CFO

As CFO and a part of a newly appointed management team, I am very pleased to present the fiscal years 1997, 1996 and 1995 audited financial statements for the Community Development Financial Institutions Fund.

These statements, representing the Fund's first efforts to prepare stand-alone financial statements, were audited by KPMG Peat Marwick LLP, and their audit resulted in an unqualified opinion for the Fund. What appeared impossible a few months ago, became a reality through the tireless efforts of a small, but extremely dedicated staff. To them I give a special thank you!

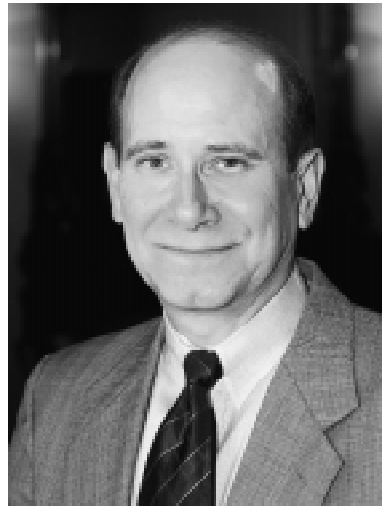
This opinion, along with the auditor's recommendations, now establishes a benchmark for the Fund's financial management and awards administration and monitoring. With a vision towards working better and costing less, the Fund's financial and program personnel will work together in partnership to further strengthen the Fund's management accountability and controls. Together we will ensure the integrity of information, make decisions, and measure performance to achieve desirable outcomes and real cost effectiveness.

We are firmly committed to excellence in all aspects of financial management and awards administration and monitoring. With the addition of new staff, we will focus on attaining a new level of efficiency and quality in the Fund's awards management, with emphasis on quality and customer service. Communicating with applicants and award recipients through the Internet and a CDFI Fund web site will be a priority during fiscal year 1998. We will also strive to have readily available reliable information on the Fund's financial condition, operations and awards programs as well as the performance and costs of these activities. Using a results-oriented management approach, we will enhance our strategic planning process, establish performance measures focused on "outcomes," and link performance information to resource requirements through annual performance plans.

Faced with the many challenges associated with a new and growing organization, our new management team is promoting a forward thinking approach to meet our future challenges and commitments. We are promoting a strong partnership between the Fund's program and management staffs, recognizing that our customers and employees are the most important resources for planning and decision-making processes inherent in carrying out our mission. At the end of each day, our commitment to the sound stewardship of the Fund's financial resources will remain our highest priority.



Paul R. Gentile  
Deputy Director for Management  
and Chief Financial Officer



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## Executive Summary

The Community Development Financial Institutions (CDFI) Fund is working to expand access to credit and financial services in poor urban, rural and Native American communities, where one of the biggest obstacles to economic development is a lack of access to mainstream sources of private sector capital. Access to capital is an essential ingredient for creating and retaining jobs, developing affordable housing, revitalizing neighborhoods, and building local economies.

The CDFI Fund represents a new direction for community development

initiatives by leveraging limited public resources to invest in and build the capacity of private sector institutions to finance community development needs in distressed communities.

In only two years, the CDFI Fund has made a significant contribution to increasing access to private sector capital, effectively promoting partnerships between community based financial institutions, banks and other private sector players, and leveraging scarce Federal resources into private dollars for credit starved communities.

Currently operating three programs - the CDFI Program, the Bank Enterprise Award (BEA) Program, and the Microenterprise Program - the Fund is helping to create jobs, rebuild neighborhoods, and restore hope in communities across the nation.

*Access to financial institutions is a fundamental tool the residents of economically distressed areas need to lift themselves out of poverty.*


*The CDFI Fund's philosophy is to use its scarce resources to catalyze and jump-start new initiatives rather than permanently subsidize them. Fund assistance is intended to strengthen the financial position of the financial institutions selected to receive support and thereby expand their ability to do more lending and investment.*

## Highlights

- ✓ The CDFI Fund awarded 48 community organizations a total of \$38.3 million in financial and technical assistance in the 1997 round of the CDFI Program.
- ✓ The CDFI Fund awarded 54 insured depository institutions a total of \$16.5 million in grants in the 1997 round of the BEA Program.
- ✓ On January 30, 1997 President Clinton presented the inaugural Presidential Awards for Excellence in Microenterprise Development, recognizing programs that have provided opportunities to people who lack access to traditional credit sources, such as women, minorities and low-income Americans.

***\$55 million awarded  
during FY 1997***

***The CDFI Fund is  
helping to create  
jobs, rebuild  
neighborhoods, and  
restore hope in  
communities across  
the nation.***



Presidential  
Awards for Excellence in  
**Microenterprise  
Development**

Inaugural Year  
**1996**

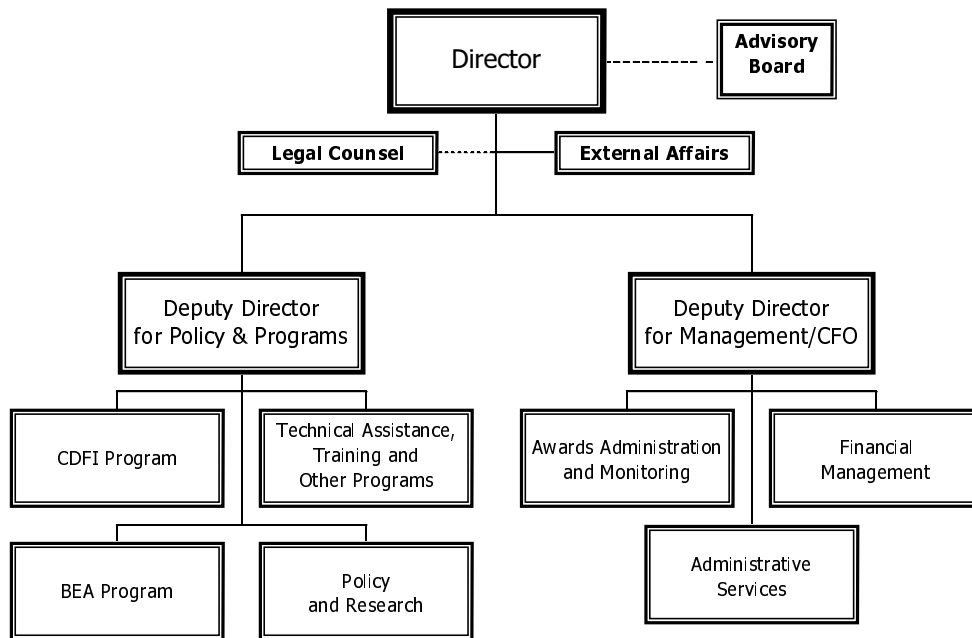
*"This is an innovative  
approach which opens  
the doors of opportunity  
to Americans who  
otherwise find those  
doors closed."*

President Bill Clinton

# Organizational Profile

The Community Development Financial Institutions (CDFI) Fund was authorized as part of the Riegle Community Development and Regulatory Improvement Act of 1994. In July of 1995, CDFI Fund, a wholly owned government corporation, was placed within the Department of the Treasury.

## Organization Chart



The offices of the CDFI Fund are located in Washington, D.C., where major policies and programs are developed and implemented in accordance with applicable laws and regulations. The Fund executive structure consists of a Director, Deputy Director for Policy and Programs, Deputy Director for Management/Chief Financial Officer, Legal Counsel and External Affairs Officer.

The Office of Management includes the functions of Awards Administration and Monitoring, Financial Management and Administrative Services. The Office of Policy and Programs includes the CDFI Program, BEA Program, Technical Assistance, Training and Other Programs, and Policy and Research.

The CDFI Fund Advisory Board consists of 15 members. Membership includes the Secretary or designee of the Departments of Agriculture, Commerce, Housing and Urban Development, Interior, and Treasury; the Administrator or designee of the Small Business Administration; and nine private citizens, appointed by the President.

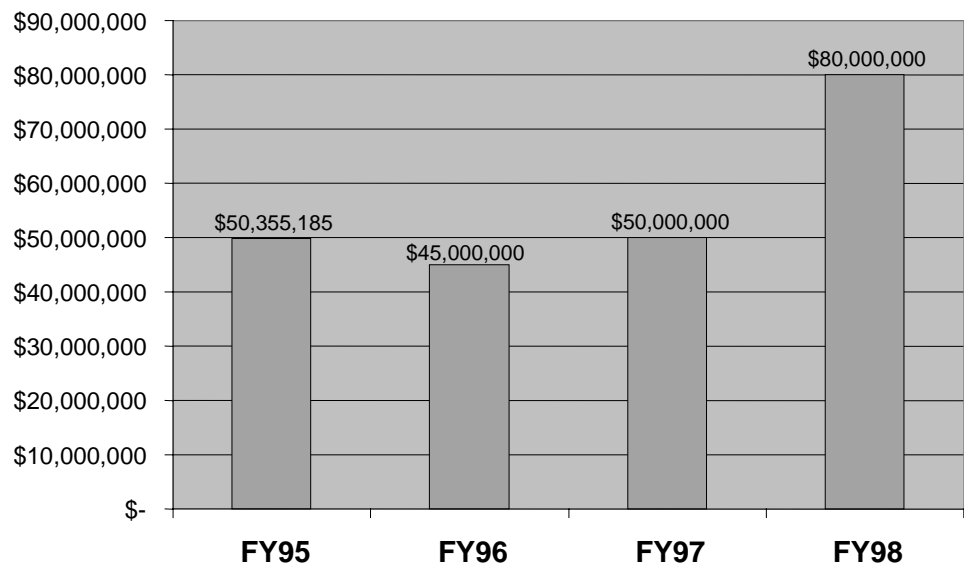
# Funding Summary

## Sources of Funds

Since the first period of operation in FY 1995, the Fund has received annual appropriations of \$50 million for FY 1995, \$45 million for FY 1996, \$50 million for FY 1997, and \$80 million for FY 1998. The appropriations have two-year obligation authority, therefore the total budget authority available for use by the CDFI Fund in FY 1997 was \$95 million, which included \$45 million carried over from FY 1996.

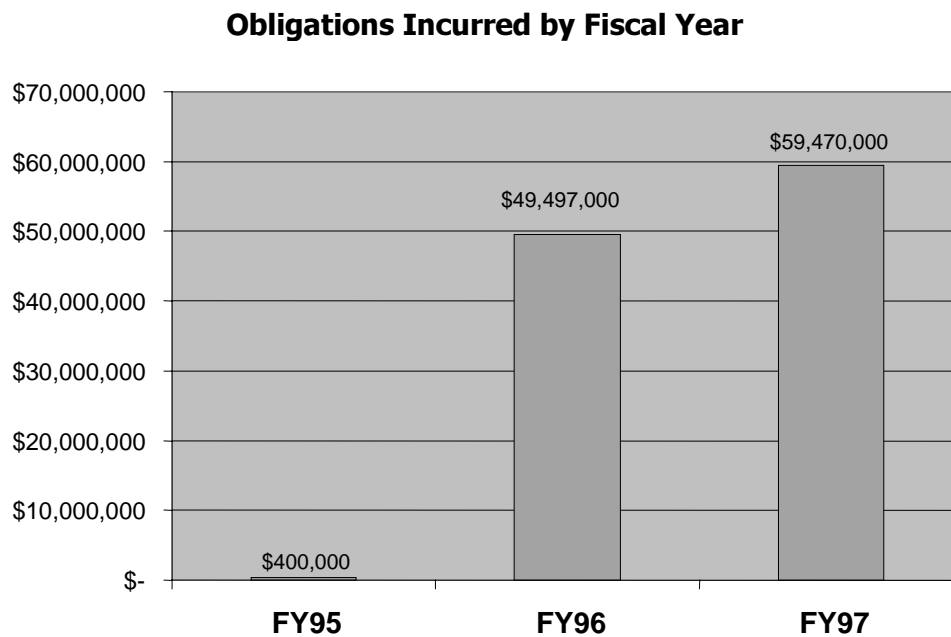
Of the amounts appropriated to the Fund, not more than \$5,550,000 may be used by the Fund in each fiscal year to pay the administrative costs and expenses of the Fund.


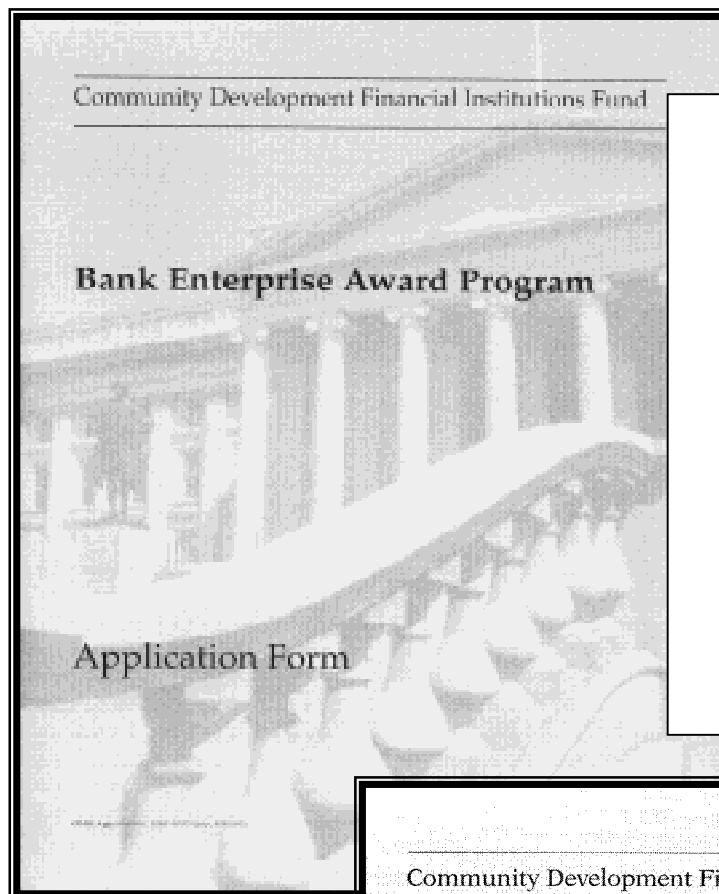
## Appropriations Received by Fiscal Year



## Uses of Funds

The CDFI Fund incurred obligations of \$59.5 million during FY 1997. Of that amount \$5.5 million was obligated for the Fund's administrative and management expenses.



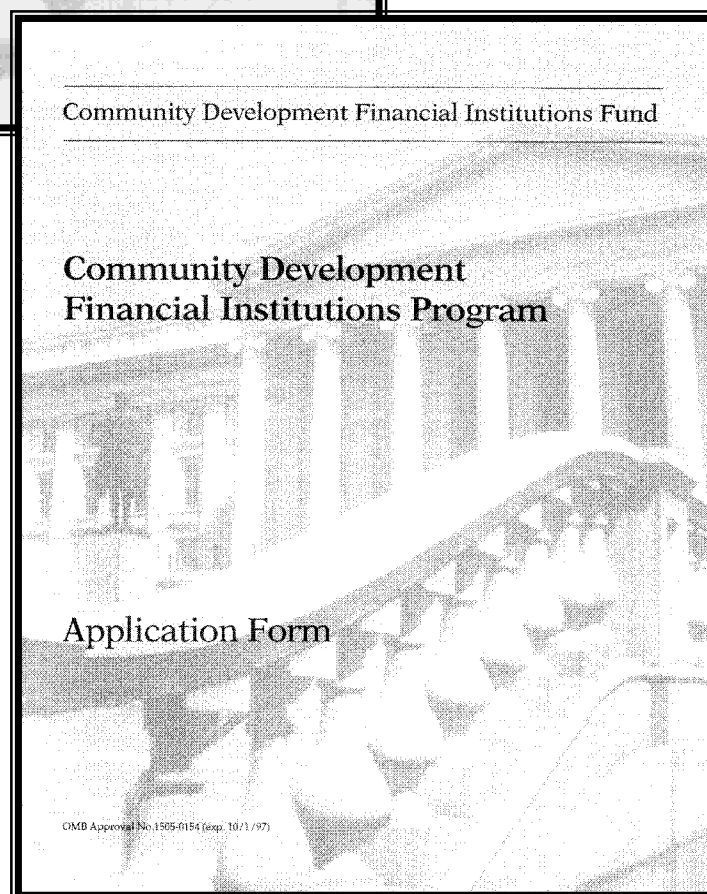


Presidential  
Awards for Excellence in  
**Microenterprise  
Development**

## Application Information

*"This is an innovative approach which  
opens the doors of opportunity to Americans  
who otherwise find those doors closed."*

President Bill Clinton





# Program Discussion and Analysis

## **Delaware Valley Community Reinvestment Fund Philadelphia, Pennsylvania**

*A national leader in developing innovative strategies to serve and stabilize disinvested communities, Delaware Valley Community Reinvestment Fund serves the most distressed neighborhoods in Camden, New Jersey, and Philadelphia and Chester, Pennsylvania. With its strong track record of financing affordable housing and small businesses, this CDFI's asset base has grown 25% in the past year to \$21 million and has attracted more than 700 investors from the private, non-profit, and public sectors. The \$2 million investment by the CDFI Fund will be used to significantly expand the total number and dollar amount of Delaware Valley's lending and investment activities.*

During FY 1997, the Fund continued to operate two key programs: the Community Development Financial Institutions (CDFI) Program and the Bank Enterprise Award (BEA) Program. In addition, the Microenterprise Program, a non-monetary award program inaugurated in FY 1996 was continued.

### ***Community Development Financial Institutions Program***

The CDFI Fund makes investments in and provides technical assistance to Community Development Financial Institutions (CDFIs). The Fund seeks to enhance the capacity of CDFIs to address unmet community development finance needs in distressed communities.

CDFIs are private for-profit and non-profit financial institutions with community development as their primary mission and include community development banks, community development credit unions, non-profit loan funds, microenterprise loan funds, and community development venture capital funds.

The CDFI Fund may provide financial assistance in the form of equity investments, grants, loans, or deposits. The Fund may also provide technical assistance. All financial assistance provided by the Fund must be matched on at least a one-to-one basis with funds from sources other than the Federal government. Matching funds must be at least comparable in form and value to the assistance provided by the Fund.

Generally, assistance from the Fund is used

**Appalbanc**  
**Berea, Kentucky**

*A multifaceted CDFI that serves 85 extremely distressed counties in West Virginia, Kentucky, Tennessee, and Virginia, Appalbanc has developed an effective strategy to promote housing development and homeownership. Since its inception, Appalbanc and its affiliates have financed the development or rehabilitation of more than 20,000 homes. The \$1.33 million in assistance provided by the CDFI Fund will be used to expand Appalbanc's activities in this very needy region.*

**First American**  
**Credit Union**  
**Window Rock, Arizona**

*Activities which serve Native American reservations throughout Arizona, New Mexico, and Utah illustrate how the CDFI Fund's resources will generate economic activity in under-served communities. The basic financial services provided by the credit union include checking and savings*

to build each institution's capacity and expand its lending, investment, or other community development activities.

Institutions seeking assistance submit an application to the Fund, which includes a comprehensive business plan covering not less than five years. Applicants are awarded assistance on a competitive basis, with selection criteria that includes the quality of their business plan, the extent and nature of community development impact, and the applicant's management team experience and background.

Organizations selected for an award enter into an Assistance Agreement with the Fund, which includes performance goals based on their comprehensive business plan.

The CDFI Fund's ability to leverage private sector funds into distressed communities is dramatic. The \$37.2 million in assistance awarded to CDFIs in the first round (FY 1996) will leverage approximately three to four times that amount in new capital over the next several years and generate approximately \$400 million in new community development activity over the next decade.

For the 31 institutions funded in the first round of the Program, more than \$50 million of matching money from non-Federal sources was raised. Seventy-two percent of these institutions derived all of their matching funds from private sources (such as banks, corporations, foundations, and individuals). Nineteen percent of the institutions raised between 70% and 99% of the matching funds from private sources. Only three institutions raised less than 70% of their matching monies from private sources.

Unlike programs in which resources are provided for specific projects, under the

*accounts and consumer and home improvement loans for people who otherwise would have no access to these services. The Fund's assistance will be used to expand lending and introduce ATM services to rural, sparsely settled low-income communities.*

**Community  
Capital Bank  
Brooklyn, New York**

*Community Capital Bank provides business, housing, and commercial loans to projects in distressed communities throughout New York City. In the first six months of 1996, Community Capital Bank provided nearly \$2.6 million in loans for small business development and affordable housing construction and support for entrepreneurial development initiatives among public housing residents. Community Capital Bank was awarded \$215,461 for increasing its lending activities during this period.*

CDFI Program, the Fund invests in CDFIs as institutions in order to promote the long-term viability of these financial institutions to serve distressed communities.

***Bank Enterprise Award Program***

The BEA Program provides awards to insured depository institutions that increase their financial support of CDFIs and their lending and services in distressed neighborhoods. Awards are determined on the basis of the total dollar value of increased activity within an evaluation period. Award amounts range from 5 to 15 percent of the dollar value of the increased activity, depending on the type of activity. Awards are made after activities have been successfully implemented.

Eligible institutions submit applications to the CDFI Fund, which selects awardees based on various criteria, including: the activity in which they propose to engage and the total dollar amount of new activity generated during an evaluation period. Eligible activities include providing financial or technical assistance to CDFIs, as well as lending, financial or other services in neighborhoods with a poverty rate of at least 30 percent and an unemployment rate that is at least one and one half times the national average.

Applicants that are competitive and successful in undertaking their proposed activities will receive an award after their activities have been completed.

In 1996, the Fund made a total of \$13.1 million in awards which leveraged nearly \$66 million of private sector money for the benefit of 49 CDFIs--as well as generated \$60 million in new lending and financial services targeted to some of the nation's most distressed neighborhoods.

**Central Bank  
of Kansas City  
Kansas City, Missouri**

*Central Bank was awarded \$99,869 for increasing its deposit-taking activities and consumer and commercial real estate, housing, and business loans in distressed neighborhoods.*

*During the first six months of 1996, this bank provided more than \$8.3 million in loans and services. In addition to facilitating neighborhood redevelopment through its single- and multi-family housing activities, the bank made a significant loan to help a major manufacturer and employer remain in the community.*

In 1996, 38 institutions, based in 18 states and the District of Columbia, received awards in the first funding round. These institutions include a wide range of financial institutions--including national banks, state-chartered commercial banks, federal savings banks, and thrifts--ranging in asset size from \$21 million to more than \$320 billion.

In 1997, 54 insured depository institutions were selected to receive a total of \$16.5 million in grants. These institutions were headquartered in 17 states and the District of Columbia, with activities reaching many more communities across the nation.

***Microenterprise Award Program***

The Presidential Awards for Excellence in Microenterprise Development reflect an on-going commitment by the Administration to advance the role that microenterprise development plays in enhancing economic opportunities for all Americans, especially those who have lacked access to traditional sources of credit such as women, low income people, and minorities. By recognizing outstanding microenterprise organizations, these non-monetary awards bring wider public attention to the important role and successes of microenterprise development in the domestic economy.

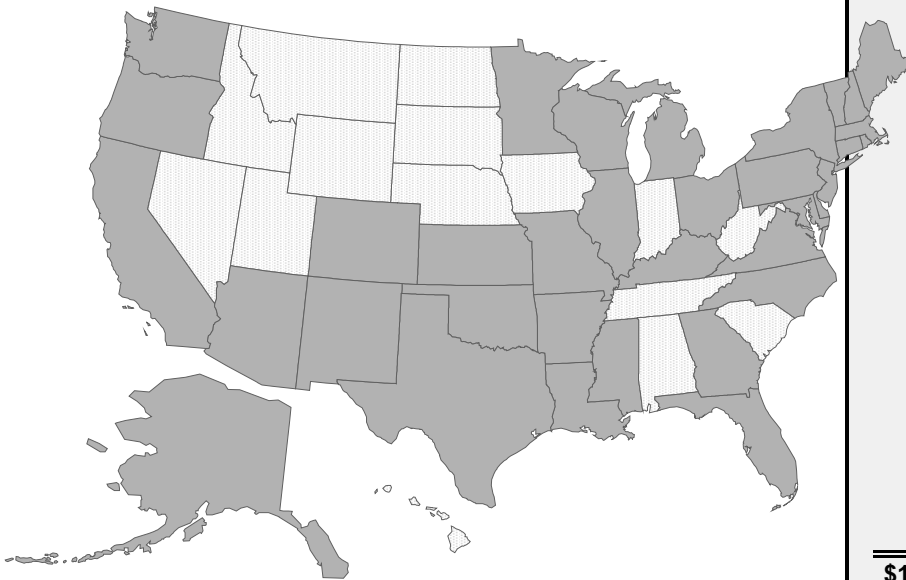
Winners of Presidential Awards were selected through a rigorous two-stage review process. A key element of the review process was involvement of a team of 20 nationally recognized experts on microenterprise from the public, private and non-profit sectors. The evaluations, advice, and recommendations of these experts helped the Fund select the first round award winners.

## Program Measures and Statistics

<b>CDFI Program</b>	<b>FY 1996</b>		<b>FY 1997</b>	
Number of Applications Received		268		159
Total Number of Awardees		31		48
Totals by Types of Awards	47	\$ 37,219,500	69	\$ 38,299,300
Grants	26	20,040,000	39	29,535,200
Equity Investments	5	9,750,000	10	6,650,000
Loans (Face Value)	8	6,660,000	5	1,200,000
Technical Assistance	8	769,500	15	914,100
Disbursed as of 9/30/97	74%	\$ 27,694,293	-	\$ -
Highest Awardee		\$ 4,500,000		\$ 3,250,000
Lowest Awardee		600,000		78,500
Average Awardee		2,326,219		797,902
Median Awardee		1,000,000		537,500

<b>BEA Program</b>	<b>FY 1996</b>		<b>FY 1997</b>	
Number of Applications Received		54		74
Total Number of Awardees		38		54
Total Value of Awards		\$ 13,138,703		\$ 16,503,919
Disbursed as of 9/30/97	78%	\$ 10,274,680		\$ -
Highest Award		\$ 2,699,625		\$ 2,517,024
Lowest Award		3,750		1,100
Average Award		345,755		305,628
Median Award		98,685		72,875

**Total CDFI and BEA  
Program Awards  
for FY 1996-97 by State**



<b>Awards</b>	<b>State</b>
2,025,000	Alaska
1,302,500	Arizona
2,000,000	Arkansas
14,758,359	California
275,000	Colorado
243,500	Connecticut
2,000,000	Delaware
1,189,157	District of Columbia
2,513,968	Florida
271,000	Georgia
10,780,598	Illinois
1,903,000	Kansas
5,251,350	Kentucky
155,875	Louisiana
2,614,750	Maine
2,550,000	Maryland
4,161,517	Massachusetts
1,350,000	Michigan
1,800,000	Minnesota
2,977,500	Mississippi
261,793	Missouri
1,000,000	New Hampshire
2,392,065	New Jersey
605,750	New Mexico
21,217,934	New York
10,613,750	North Carolina
750,000	Ohio
3,918	Oklahoma
517,354	Oregon
2,863,250	Pennsylvania
750,000	Rhode Island
2,027,500	Texas
1,167,500	Vermont
250,000	Virginia
600,000	Washington
17,534	Wisconsin
<b>\$105,161,422</b>	<b>TOTAL</b>

## ***Microentrepreneur Expands Successful Hat Business***

### **BETHEX FEDERAL CREDIT UNION Bronx, New York**

#### **The Borrower**

Ms. Lamont has a home-based business—"Full Potential"—designing and manufacturing high-fashion hats. Over the past eighteen months Ms. Lamont has seen a significant increase in business culminating in a contract with the national clothing retailer, J. Crew. In 1997, Ms. Lamont approached Bethex for a \$15,000 working capital loan to purchase supplies to meet the obligations of the contract with J. Crew. After only three years of operations, she had proven to be a successful self-made entrepreneur, but now needed help to meet her contractual obligations and for the business to reach its next level of growth. Ms. Lamont enrolled in an entrepreneurial training class and subsequently applied for a loan with Bethex. Bethex was impressed with the thoroughness of Ms. Lamont's business plan, her well organized business records and excellent credit history. As a result, the loan was granted.

One of the short term marketing goals outlined in the business plan was to show her merchandise, in-person, at a major retail store—what is known as a "trunk show." In October, 1997 that goal was realized through a trunk show at Bloomingdales in New York City. Without the success of the J. Crew contract, which was able to be honored through the loan from Bethex, an invitation to that show would not likely have happened. Ms. Lamont now has four seasonal employees in her burgeoning millinery operation.

#### **Bethex FCU**

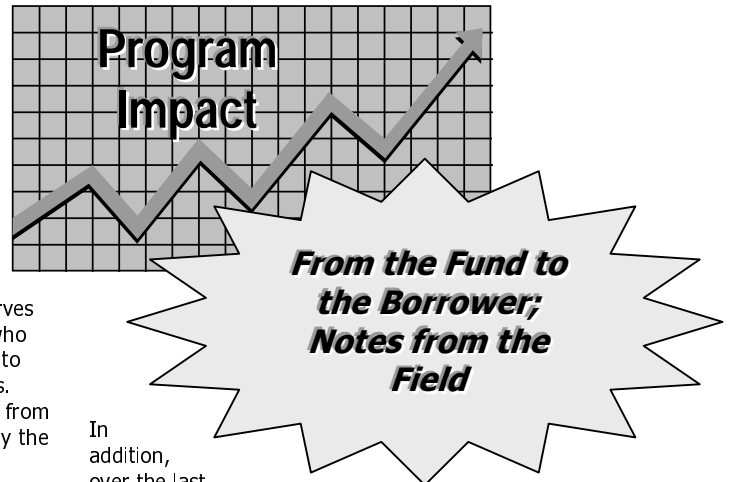
The South Bronx is one of the country's most distressed communities. Despite the area's troubles, Bethex Federal Credit Union has been a steady and constant source of credit, and

more importantly of hope, for hundreds of low-income families. Founded in 1970 by welfare recipients, Bethex serves these low-income residents who have generally lacked access to conventional banking services. Over time, Bethex has grown from a institution that provided only the most basic financial services: savings accounts, very small loans and selling money orders, into a full-service financial institution now making business loans of up to \$15,000.

The South Bronx contains some of the highest concentrations of poverty in the New York City metropolitan area, as well as the country. The typical family income is approximately one-third of the median family income for the New York City area. Bethex' service area and its membership is heavily (approximately 60%) Hispanic, primarily of Puerto Rican and Dominican background. African Americans comprise about 40% of its membership. For residents of the South Bronx, the general absence of conventional financial services has been filled, in part, by other sources of "credit" with extraordinary interest rates, including pawn shops and loan sharks.

#### **The CDFI Fund Award**

Bethex received a \$100,000 grant from the CDFI Fund to expand its financial services and increase its business lending. Since the Fund's investment, Bethex has been able to granting more loans, larger loans and accept more risk in its lending. Over the past 18 months Bethex' membership has grown from 1,270 to 3,000, and its assets have increased from \$1.6 million to \$3 million. The increase in membership is a result of the expansion of financial services—Bethex now offers ATM cards, direct deposit and checking accounts.



In addition, over the last year, Bethex has launched a "School Banking" program. This program encourages savings among the youth of the community and is an important tool for teaching money management skills. Once common in New York City public schools, this program has not been as frequently utilized in recent years. Currently, Bethex has 550 "school accounts" from third, fourth and fifth graders at two public schools located in the Bronx.

Joy Cousminer, Treasurer/Manager of Bethex, notes that receiving the award from the CDFI Fund "has made us famous." Since Bethex received their award many commercial banks and thrifts have made non-member deposits and have offered a variety of technical support to the credit union.

## ***Microentrepreneur Builds Furniture and a Life for His Family***

### **ACCION TEXAS** San Antonio, Texas

#### **The Borrower**

Andrew Fuentes was too ill to return to his construction job and his family's money was dwindling. At his wife's suggestion, he made a table and set of chairs for their empty kitchen out of some old wood. This project, which had a unique, hand hewn look, made Andrew realize his creative potential. Soon afterward, he was selling his "blue fence" furniture to friends and began making furniture full-time. Andrew approached several local banks for a loan, but was turned down because of his credit history. By the time he heard about ACCION Texas, Andrew was too discouraged to apply for a loan. Andrew's wife encouraged him. "Let's try it!" she said. But Andrew declined fearing his request would be rejected. Eventually, he applied for and received a loan from ACCION Texas. He used the \$3,000 loan to buy more inventory. He filled his shop with furniture and his sales doubled. "Without ACCION," Andrew stated, "we never could have made it."

#### **ACCION Texas**

The decision to launch ACCION Texas was based on a 1993 market study carried out by ACCION International of San Antonio's Westside micro- and small business sector. The survey of 120 microentrepreneurs included owners of small restaurants and grocery stores, plumbers, electricians, painters, seamstresses, jewelry-makers, house cleaners, home day-care providers, and flea market vendors. These microentrepreneurs expressed a need for credit, but were unable to access traditional financing. ACCION Texas was created to give these entrepreneurs access to financing and to other business support services. Of the San Antonio Westside micro-business owners surveyed, 83% had never tried to obtain a bank loan and only 2% had used a bank loan to finance their businesses. Many believed that they could not offer sufficient collateral, business history, or

income to secure a loan. Of the 80% who said that their businesses were not operating to their potential, 77% cited "lack of capital" as the primary constraint. Approximately 70% of ACCION Texas' borrowers are Mexican-American and have businesses located in San Antonio's low-income neighborhoods. ACCION Texas offers microloans from \$500 to \$25,000—with an average loan size of \$3,100—and technical assistance to borrowers.

#### **The CDFI Fund Award**

A \$500,000 grant from the CDFI Fund is assisting this CDFI in its efforts to expand service to more than 1,500 borrowers through loans totaling over \$3.8 million over a five year period. The grant will also enable ACCION Texas to strengthen its organizational performance.

Since 1994, ACCION Texas has made 817 loans to 331 business owners totaling more than \$2.5 million. A study of ACCION Texas' borrowers found that the 25 clients who had received at least four loans from the program had experienced a 49-percent average increase in the dollar value of their business assets from \$7,971 to \$11,870. Their monthly business profits increased an average of 55-percent and their take-home incomes increased 16%.



**SANTA CRUZ  
COMMUNITY  
CREDIT UNION**  
Santa Cruz, California

**The Borrowers**

With a \$1 million grant from the CDFI Fund, the Santa Cruz Community Credit Union has opened a new branch office serving the low-income population of Watsonville, California. Eleven percent of the total population and twenty-one percent of the children live below the poverty line in Watsonville. The opening of this new branch has extended needed financial services into the Watsonville community, a major agricultural area whose population is approximately 60% Hispanic. Prior to the opening of the new branch, Watsonville residents had limited access to the full-range of financial services now offered by Santa Cruz Community Credit Union.

Of note are two loans that have been made in Watsonville to address the critical needs of the community's at-risk youth. Santa Cruz Community Credit Union provided a \$160,000 loan to the Santa Cruz Community Counseling Center (the Community Center) enabling it to secure a counseling facility located right in downtown Watsonville. Prior to the Watsonville location, the Counseling Center's nearest facility was approximately 15 miles away. The Counseling Center's new Watsonville facility has provided greater accessibility to needed counseling services for the youth and families of Watsonville and now has a greater presence in the community.

In addition, Santa Cruz Community Credit Union has made a loan of almost \$800,000 to nationally acclaimed Hispanic nonprofit organization that serves Santa Cruz County youth, focusing particularly on the Hispanic population and stopping gang-related violence. Santa Cruz Community Credit Union's loan allowed this community based organization to consolidate their three geographically scattered facilities into one with room for future expansion. The nonprofit is a highly successful organization

that uses, among other techniques, peer groups and working on the streets to reach youth that are most at-risk.

**Santa Cruz Community  
Credit Union**

Since its inception in 1977, Santa Cruz Community Credit Union has achieved a remarkable track record as a full-service community development financial institution. It has attracted over 6,300 members and has increased its assets to \$28 million.

Santa Cruz Community Credit Union offers its members a wide variety of services (savings, checking, credit cards, ATMs, telephone banking) and a range of lending products (consumer loans, real estate loans and business loans). A special lending focus is agricultural loans to support farm operations that employ environmentally sensitive practices such as integrated pest management techniques or sustainable organic growing practices.

**The CDFI Fund Award**

A \$1 million grant from the CDFI Fund has provided the Santa Cruz Community Credit Union with the capital it needed to implement its plans for a significant expansion – the new branch office in Watsonville.

Santa Cruz Community Credit Union has become a pre-eminent credit union in providing small business loans. To date, it has lent over \$37 million to small businesses, cooperatives, and nonprofit service providers – generally entities that could not otherwise access loans from traditional sources. It has provided approximately \$4 million in small business and nonprofit loans annually, and over 220 such loans are currently on its books. Over 70% of these loans have been made to minorities and women.

***Credit Union Opens  
New Office to Serve  
Hispanic Community***

## ***Home Ownership for Low-Income Families Expands***

### **SELF-HELP**

#### **Durham, North Carolina Impact on Housing**

Self-Help's ability to leverage the CDFI Fund investment is noteworthy. The \$3 million was used, in part, to leverage the purchase of affordable single-family mortgage loans from a North Carolina commercial bank. During the last year, this type of transaction was duplicated seven times with three banks, BB&T, Centura Bank, and First Union. Additional capital for these transactions was borrowed from the Federal Home Loan Bank of Atlanta, including \$33 million in 1997 alone. Another \$11 million was borrowed from banks through incentives from the BEA Program. The purchases of these mortgage pools have so far totaled \$103 million and include 1,820 underlying mortgages. The average income of the homebuyers in these mortgage pools is 60% of the area median family income. (More than 55% of these homeowners live in rural areas, and 29% are minority.) Further, the capital the banks gain from the sale of mortgages is being used to make additional home purchase loans to lower-income families. With Self-Help's demonstrated success, the CDFI is now in a position to open doors to the national capital markets to accelerate the flow of dollars available for achieving home ownership for North Carolina's low-wealth families.

The increase in Self-Help's asset base has also allowed for a 30% increase, over 1996 levels, in its small businesses and community facilities lending. A few loans that added particular community building value include: a loan to an African American property owner in Pittsboro to build a facility that is leased to a church-sponsored daycare center; a \$250,000 loan to build a facility for a new charter school in Kingston; and a loan to an entrepreneur to finance a manufacturing business that converts recycled wood waste (from area mills) into fiber board that in turn is used in the production of doors purchased by building suppliers.

### **Self-Help**

Self-Help, launched in 1980, aggregates resources and forges partnerships with the public and private sectors and advocates for community development issues. Self-Help's two financing entities, Self-Help Credit Union and Self-Help Ventures Fund, provide access to credit for North Carolina's distressed communities and low-wealth families. Self-Help Ventures Fund provides loans to emerging small businesses, provides management assistance to its commercial borrowers, and helps expand housing opportunities and community facilities. Self-Help's steady growth and increased demand has allowed the this CDFI to open five regional offices in the state. Self-Help's partnerships engages it in increasingly sophisticated transactions and leveraging strategies. Self-Help's work is having significant impact in transforming conventional loan underwriting standards and, in particular, in creating increased opportunities for home ownership among the state's lower income families.

#### **The CDFI Fund's Investment in Self-Help:**

The CDFI Fund's \$3 million grant was channeled to Self-Help Ventures Fund and helped to boost its equity capital and assisted it in expanding its secondary market initiatives. Beginning with Wachovia Bank, Self-Help has pioneered a means to create a continual flow of capital to provide mortgages for low-income homebuyers. Self-Help has expanded its asset base from \$94 million in September 1996 to \$140 million at the close of 1997.

**Republic National Bank  
of New York**  
New York, New York

**Reinvesting in  
Communities**

Republic National Bank of New York (Republic), which was awarded \$519,659 in the first round of the Bank Enterprise Award (BEA) Program, is an avid proponent of investing in distressed communities and the community development financial institutions (CDFIs) which serve them. Republic has used all of its award to leverage an additional \$5 million in economic development and small business lending in low- and moderate-income communities. In this way, its BEA award will be leveraged nearly 10 times over in the form of new lending. The award dollars have been used to create the Special Economic Development Fund which provides below market rates and create a loan loss reserve for loans Republic will make to non-profit economic development organizations over the next few years. Two examples are:

- A \$2 million loan was made to the Local Initiatives Support Corporation (LISC)(a certified CDFI and a 1996 CDFI Program awardee), a financial and technical services intermediary focused on real estate development and operations which serves low-income communities throughout the nation. This loan, with a below market rate of 3% over 5 years, could not have been done without the Bank Enterprise Award.
- Republic is also lending \$120,000 to Leviticus 25:23 Alternative Fund, Inc. (a certified CDFI and a 1997 CDFI Program awardee), which makes loans for affordable housing, community facilities and small businesses in New York, New Jersey and Connecticut. The \$120,000, which is being made at 0% for 1 to 2 years, will be used to expand educational space at qualified child care

facilities throughout New York City.

**Republic National Bank**

Republic National Bank of New York is a full service bank, which is based in and serves New York and South Florida.

**The CDFI Fund Award**

Republic was awarded \$519,659 under the BEA Program for providing loans and operating grants totaling \$5,196,592 to 21 community development organizations. The institutions assisted by Republic range in size, products and service areas: the Local Initiatives Support Corporation, mentioned above, has a national service area; the Enterprise Foundation (a certified CDFI and a 1997 CDFI Program awardee), based in Columbia, Maryland, which provides loans and technical assistance to nonprofit developers of affordable housing serving distressed areas of 16 cities across the nation; and Bethex Federal Credit Union (a certified CDFI and a 1996 CDFI Program awardee), a full-service credit union serving the low-income residents of the South Bronx, New York.

***Taking Investment  
in Distressed  
Communities Seriously***

## ***Turning Award Dollars into Training for Management of Community Organizations***

### **Bank of America Community Development Bank** Walnut Creek, California

#### **Reinvesting in Communities**

In addition to significantly increasing its lending activity in eligible distressed neighborhoods—activity that qualified it for an award of \$1,585,510 under the first round of the Bank Enterprise Award (BEA) Program in 1996—the Bank of America (B of A) Community Development Bank, together with Bank of America, F.S.B., has invested its entire combined Bank Enterprise Award back into the community. \$1.1 million of the award money has been used to establish the Bank of America Leadership Academy, a nine-month program that provides training for senior management of community development organizations. The B of A Leadership Academy is funded jointly by Bank of America Community Development Bank, Bank of America, F.S.B., and the Local Initiatives Support Corporation (a certified CDFI and a 1996 CDFI Program awardee); and is conducted by the Development Training Institute. The B of A Leadership Academy is funded for three nine-month programs. Each session trains 35 executive directors or senior staff of community-based development organizations that are at least five years old and have completed at least three projects.

An additional 20 percent of the combined awards will go to the Low Income Housing Fund, a certified CDFI and a 1996 CDFI Program awardee which provides loans for very low-income housing development across the country.

### **The Bank of America Community Development Bank**

The Bank of America Community Development Bank is based in Walnut Creek, California and has a service area that includes the entire State of California. The bank provides a range of lending products, including multi-family housing, commercial real estate, and business loans.

#### **The CDFI Fund Award**

The B of A Community Development Bank was awarded \$1,585,510 in the 1996 funding round for increasing its multi-family housing, commercial real estate and business loans in distressed communities across California. The Bank made nearly \$25 million in loans in targeted neighborhoods meeting the BEA Program's distress criteria, including \$9.5 million in commercial real estate loans, \$13.2 million in multifamily loans, and \$2.2 million in business loans. The Bank projects that these loans will generate more than 185 units of affordable housing and 300 jobs. The Bank's increased multifamily lending activity has helped provide a vital source of affordable housing for low-income families in targeted neighborhoods in San Francisco, Modesto, and Los Angeles, including the projects described below:

- a \$2.6 million construction loan to support the acquisition and rehabilitation of a deteriorated residential hotel in San Francisco's Tenderloin neighborhood into 58 units of quality affordable housing for formerly homeless individuals; and
- a \$6.8 million loan to support construction of a new 79-unit apartment building located in Downtown Los Angeles. The building serves households earning less than 60% of Los Angeles County's median income.

# Financial Discussion and Analysis

## Financial Management Systems

The CDFI Fund's financial statements included in this annual report represent the first stand alone statements prepared by the Fund since its inception in FY 1995. Prior to this report, financial information for the CDFI Fund had been included as part of the Department of the Treasury's annual Accountability Report for FY 1996.

Since the beginning of the Fund, accounting services and financial statement preparation have been performed outside of the Fund in other Treasury offices. Until mid FY 1997, these services were performed by the Financial Management Division in the Departmental Offices. For the last half of FY 1997, accounting services and financial statement preparation were contracted to the Bureau of the Public Debt-Franchise Services.

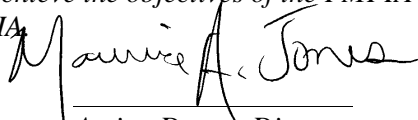
With these first audited financial statements and stand-alone annual report, the CDFI Fund, a wholly owned government corporation, is not only complying with its enabling legislation, but also conforming to the spirit of the CFO Act of 1990 and the Government Performance and Results Act (GPRA) of 1993. In addition, in the first quarter of FY 1998, a Deputy Director for Management/Chief Financial Officer was appointed for the CDFI Fund and a process begun to establish an internal Fund financial management structure and staff.

## Federal Managers' Financial Integrity Act (FMFIA) Highlights

During FY 1997, the CDFI Fund did not have a formal FMFIA program in place to evaluate, continuously monitor and improve the effectiveness of management controls associated with the Fund's programs. Consequently, the Fund's internal control process during this period lacked adequate individual program and operating level self-assessment to provide reasonable assurance that its systems

### *Annual Assurance Statement Fiscal Year 1997*

*Based upon the results of a limited review and assessment of the Fund's internal control environment, policies and procedures, the CDFI Fund **cannot** provide reasonable assurance that its systems of management, accounting, and administrative control, taken as a whole, achieve the objectives of the FMFIA and FFMIA. The Fund also cannot provide reasonable assurance that its accounting and financial systems generally conform to the Comptroller General's principles, standards and related requirements and achieve the objectives of the FMFIA and FFMIA.*

  
\_\_\_\_\_  
Acting Deputy Director  
on January 2, 1998

of management, accounting, and administrative control, taken as a whole, achieved FMFIA and FFMIA objectives.

A formal FMFIA program enables management to make an assertion that:

- ✓ obligations and costs comply with applicable laws;
- ✓ assets are safeguarded against waste, fraud, abuse, and mismanagement;
- ✓ revenues and expenditures applicable to the CDFI Fund operations are properly recorded and accounted for so that accounting, financial, and statistical reports may be prepared, and accountability of the assets may be maintained; and
- ✓ programs are efficiently and effectively carried out in accordance with applicable laws and management policies.

As a first step towards the preparation of a CDFI Fund Annual Report and audited financial statements for FY 1997, the Fund management initiated an FMFIA review subsequent to September 30, 1997. As a result of this review, which did not include any transaction testing, the following material weaknesses were identified. Currently corrective action plans are being developed with target dates for completion in the first half of FY 1998.

1. Title and Description: (CDFI 97-01) No formal FMFIA Program in place.

CDFI did not have a formal FMFIA program in place during FY 1997 to evaluate, continuously monitor and improve the effectiveness of management controls associated with CDFI's programs. Therefore, all of the Fund's internal control processes lacked adequate individual program and operating level self-assessment.

Status and Accomplishments: Subsequent to September 30, 1997, the CDFI Fund management initiated an FMFIA review to assess its internal controls. This review identified seven material weaknesses and three instances of administrative systems' non-conformance. During the first half of FY 1998, the Fund will establish a formal management control process and designate the Deputy Director for Management/CFO as the Fund's Management Control Officer.

2. Title and Description: (CDFI 97-02) CFO and Controller positions and functions not established.

The CDFI Fund did not hire a Chief Financial Officer (CFO) until after September 30, 1997. Since a CFO's duties would normally include overseeing all aspects of the Fund's administrative, accounting, reporting, management controls, budgetary, portfolio monitoring, and compliance with laws and regulations, these areas were not receiving sufficient management attention during FY 1997. In addition, the Fund lacked a controller (financial manager) to oversee the day-to-day accounting functions, as well as the accounting activities performed for the Fund by the Bureau of the Public Debt. The lack of a CFO and Controller potentially impairs the Fund's

management ability to make sound financial decisions and to monitor the Fund's financial and performance activities.

Status and Accomplishments: A Deputy Director for Management/Chief Financial Officer was appointed in November, 1997. A staff accountant was hired in January, 1998. Additional financial positions are being developed and hiring will continue through the first half of FY 1998.

3. Title and Description: (CDFI 97-03) Awards Administration and Monitoring Positions and functions not established.

The duties of an awards officer normally include serving as the principal procedural authority, advisor and implementer of awards management policies. Key to such a function is the development and coordination of the Fund's awards management program, including the dissemination of procedural and technical advice, guidance and interpretation on CDFI award management activities and requirements, maintenance of award files, as well as sufficient monitoring of the pre- and post-award operations of the Fund. The lack of an awards manager impairs the Fund's ability to carry out the above activities and to monitor CDFI's program performance and compliance activities.

Status and Accomplishments: Policies and procedures for an awards administration and monitoring function are being developed in the first half of FY 1998. An Awards Officer reported for duty in January, 1998.

4. Title and Description: (CDFI 97-04) Post Award Monitoring Procedures not established and implemented.

The CDFI Fund lacked formalized, documented post-award monitoring procedures and responsibilities during FY 1997. Monitoring procedures provide a means to assess the award recipient's compliance with their assistance agreements and to determine whether corrective actions are necessary or accomplished in an efficient and timely manner, and a methodology to aid the CDFI Fund in meeting its goals and objectives. Performance award monitoring procedures normally include, among other things, ensuring periodic financial and performance reports required to be submitted by the awardee are received by the Fund, reviewed, and acted upon accordingly. Monitoring procedures can also include site visits, and ensuring performance objectives are being achieved and the awardee's reporting requirements are being met.

Status and Accomplishments: During the first half of FY 1998, the Fund will:

- ✓ Develop written, formal, ongoing monitoring procedures and forms and place them into operation.
- ✓ Continue with the design and development of a portfolio monitoring database system.
- ✓ Determine the audit guidelines for the CDFI awardees to follow.

- ✓ Track the receipt of all required reporting activities for all CDFI awardees since the inception of the Fund.

5. Title and Description: (CDFI 97-05) No formal review of monthly financial statements and accounting records or completion of supporting reconciliations.

Monthly trial balances and other reports such as spending transaction reports, budget and obligation reports were not routinely reviewed and reconciled to source documentation such as invoices and purchase orders. Where reviews were performed, documentation of the review procedures was not evident. There was no formalized administrative funds control policy or process. Lack of a formalized review of monthly financial statements and other financial reports impairs the Fund's management ability to effectively and adequately monitor the CDFI Fund's financial activities.

Status and Accomplishments: During the first half of FY 1998, the Fund will establish a formal process for preparing and distributing monthly financial statements. The Deputy Director for Management/CFO will establish and implement Fund policies and procedures for the administrative control of funds. Monthly financial statements will be reviewed and any issues acted upon in a timely manner.

6. Title and Description: (CDFI 97-06) Inadequate Delineation of Organizational Responsibilities.

During FY 1997 there was insufficient delineation of organization responsibilities within the Fund. In general, position descriptions were not adequately adhered to and/or do not adequately define the responsibilities of specific positions. The Fund has been understaffed since its inception in a number of key positions. In addition, there are no established procedures for periodically evaluating employee's performance against established performance criteria and goals. This combination of conditions resulted in instances of incompatible duties, lack of accountability, and ambiguous job responsibilities.

Status and Accomplishments: During the first half of FY 1998, the Fund will establish and formalize a new organizational structure centered around a Director and two Deputy Directors, a Deputy Director for Management/Chief Financial Officer and a Deputy Director for Policy and Programs. In addition the fund will:

- ✓ Reevaluate all existing position descriptions;
- ✓ Establish performance criteria and standards for each Fund position
- ✓ Implement a performance appraisal process; and
- ✓ Establish an awards system for employee performance.

7. Title and Description: (CDFI 97-07) Program Award Files not completed.

During FY 1997, the CDFI Fund award files lacked a structured file order format and were not reviewed for completeness. A consistent and structured



format is critical in order to have strong controls over the award process and overall monitoring of awards.

Status and Accomplishments: During the first half of FY 1998, the Fund will finalize an awards Table of Contents and identify all documents that should be included in the awards files for FY 1996 and FY 1997. These files will include all relevant documentation received from applicants, whether or not funds were awarded to the applicant. Files will be set up in accordance with the Table of Contents and each file reviewed for completeness. Thereafter, all files will be maintained in accordance with this master Table of Contents, with files updated timely and maintained in accordance with the Fund's awards administration policies.

## **Management Responsibilities**

The CDFI Fund management is responsible for the fair presentation of information contained in the principal financial statements, in conformity with the accounting hierarchy described in Note 1, Summary of Significant Accounting Policies, which constitutes an "other comprehensive basis of accounting." Management is also responsible for the fair presentation of the Fund's performance measures in accordance with Office of Management and Budget requirements. The quality of the Fund's internal control structure rests with management, as well as the responsibility for identification and compliance with pertinent laws and regulations.

## **Limitations of the Financial Statements**

The financial statements, included as part of this total package, present the financial position and results of operations of the Community Development Financial Institutions Fund for the years ended September 30, 1997, 1996 and 1995 pursuant to the requirements of the Government Management Reform Act of 1994. While the financial statements have been prepared from records in accordance with the formats prescribed by the Office of Management and Budget Bulletin No. 94-01, "Form and Content of Agency Financial Statements," the statements are different from the financial reports used to monitor and control budgetary resources that are prepared from the same records and are subsequently presented in Federal budget documents. Therefore, readers are advised that direct comparisons are not possible between figures found in this report and similar financial concepts found in the fiscal year 1997, 1996 and 1995 Budget of the United States Government. Additionally, the financial statements should be reviewed with the realization that they are for a sovereign entity (the United States Government), that liabilities not covered by budgetary resources reported in the financial statements cannot be liquidated without the enactment of an appropriation, and that the payment of all liabilities other than for contracts can be abrogated by the sovereign entity.

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# ***Reports from the Auditors***

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2001 M Street, N.W.  
Washington, DC 20005

February 23, 1998

Ms. Ellen Lazar, Director  
Community Development Financial Institutions Fund  
601 13th Street, Suite 200 South  
Washington, DC 20005

Dear Ms. Lazar:

We have audited the financial statements of the Department of the Treasury's Community Development Financial Institutions Fund (the CDFI Fund) as of September 30, 1997, 1996, and 1995, and for the years ended September 30, 1997 and 1996, and the period from July 27, 1995 (inception) to September 30, 1995, and have issued our report thereon dated February 23, 1998.

The Fund received an unqualified opinion on its financial statements. Our audit disclosed material weaknesses in the CDFI Fund's internal controls that are discussed in the Independent Auditors' Report on Internal Controls over Financial Reporting. In particular, during the CDFI Fund's initial operating period (July 27, 1995 through September 30, 1997), critical management personnel were not in place and accordingly, internal controls over financial reporting were not established or maintained. We also noted a lack of internal controls over procedures for making awards and monitoring awardees, and the need for procedures relating to recognizing grant award expenses. Finally, we reported noncompliance related to the lack of a formal *Federal Managers Financial Integrity Act* process and the impact of this on *Federal Financial Managers Improvement Act* compliance which is discussed in the Independent Auditors' Report on Compliance with Laws and Regulations.

Our reports also describe our responsibility for auditing these statements, and management's responsibilities for financial reporting, maintaining internal controls over financial reporting, and complying with certain applicable laws and regulations.

Very truly yours,

*KPMG Peat Marwick LLP*



Member Firm of  
KPMG International

## **Independent Auditors' Report on Financial Statements**

The Inspector General, U.S. Department of the Treasury, and  
Director, Community Development Financial Institutions Fund:

We have audited the accompanying statements of financial position of the U.S. Department of the Treasury's Community Development Financial Institutions Fund (the CDFI Fund) as of September 30, 1997, 1996, and 1995, and the related statements of operations and changes in net position and cash flows for the years ended September 30, 1997 and 1996, and the period from July 27, 1995 (inception) to September 30, 1995. These financial statements are the responsibility of the CDFI Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 93-06, *Audit Requirements for Federal Financial Statements*, as amended. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared in conformity with the hierarchy of accounting principles and standards recommended by the Federal Accounting Standards Advisory Board. This hierarchy is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of the Treasury's Community Development Financial Institutions Fund as of September 30, 1997, 1996, and 1995, and the results of its operations, its changes in net position and its cash flows for the years ended September 30, 1997 and 1996, and the period from July 27, 1995 (inception) to September 30, 1995, in conformity with the basis of accounting described in Note 1.

As described in Note 1 to the financial statements, the CDFI Fund implemented Statement of Federal Financial Accounting Standards No. 5, *Accounting for Liabilities of the Federal Government*, effective October 1, 1996.

Our audit was made for the purpose of forming an opinion on the financial statements of the CDFI Fund, taken as a whole. The information in the sections of the CDFI Fund Annual Report listed below is not a required part of the financial statements but is supplementary information required by OMB Bulletins No. 94-01 and No. 97-01, *Form and Content of Agency Financial Statements*:

- Executive Summary and Highlights
- Organizational Profile
- Program Discussion and Analysis
- Financial Discussion and Analysis
- Appendices
- Management Officials and Advisory Board Members

We have considered whether this information is materially inconsistent with the principal financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we express no opinion on it. The performance information included in the Program Discussion and Analysis and Financial Discussion and Analysis sections of the CDFI Fund Annual Report is addressed in our Independent Auditors' Report on Internal Controls over Financial Reporting in accordance with OMB Bulletin No. 93-06, as amended.

In accordance with *Government Auditing Standards*, we have also issued reports dated February 23, 1998, on our consideration of the CDFI Fund's internal controls over financial reporting and on its compliance with laws and regulations.

This report is intended for the information of the CDFI Fund's management and the U.S. Department of the Treasury's Office of Inspector General. However, this report is a matter of public record and its distribution is not limited.

*KPMG Peat Marwick LLP*

February 23, 1998  
Washington, DC

## **Independent Auditors' Report on Internal Controls over Financial Reporting**

The Inspector General, U.S. Department of the Treasury, and  
Director, Community Development Financial Institutions Fund:

We have audited the financial statements of the U.S. Department of the Treasury's Community Development Financial Institutions Fund (the CDFI Fund) as of and for the year ended September 30, 1997, and have issued our report thereon dated February 23, 1998. Our report refers to the CDFI Fund's change in an accounting principle. We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 93-06, *Audit Requirements for Federal Financial Statements*, as amended.

The CDFI Fund's management is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that:

- Transactions, including those related to obligations and costs, are executed in compliance with applicable laws and regulations that could have a direct and material effect on the financial statements, and any other laws and regulations, that OMB, the CDFI Fund management, or the Department of the Treasury's Inspector General have identified as being significant for which compliance can be objectively measured and evaluated;
- Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition;
- Transactions are executed in accordance with management's authorization and are properly recorded and accounted for to permit the preparation of reliable financial reports in accordance with applicable accounting principles described in Note 1 to the financial statements, and to maintain accountability over the assets; and
- Data that support reported performance measures are properly recorded and accounted for to permit preparation of reliable and complete performance information.

Because of inherent limitations in internal controls, fraud may nevertheless occur and not be detected. Also, projection of any evaluation of internal controls to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit, we considered the CDFI Fund's internal controls over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, and not to provide an opinion on internal control over financial reporting. Accordingly, we do not express such an opinion. With respect to internal controls, we obtained an understanding of the design of relevant policies and procedures, determined if they have been placed in operation, assessed control risk, and performed tests of internal controls.

Our evaluation of the controls for performance information was limited to those controls designed to ensure the existence and completeness of the information. With respect to the performance measure control objective, we obtained an understanding of relevant internal control policies and procedures designed to permit preparation of reliable and complete performance information (e.g., program and statistical information), and we assessed control risk.

We noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants and OMB Bulletin No. 93-06, as amended. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the CDFI Fund's ability to ensure that the objectives of the internal controls, as defined above, are being achieved. The reportable conditions we identified are described in accompanying Exhibit.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the financial statements being audited, or material to a performance measure or aggregation of related performance measures, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal controls would not necessarily disclose all matters in the internal controls that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses, as defined above. However, we consider all of the matters identified in Exhibit 1 to be material weaknesses.

These conditions were considered in determining the nature, timing, and extent of audit procedures to be performed in our audit of the CDFI Fund's 1997 financial statements.



We also noted other matters involving internal controls and their operation that we have reported to the management of the CDFI Fund in a separate letter dated February 23, 1998.

This report is intended for the information of the CDFI Fund's management and the U.S. Department of the Treasury's Office of Inspector General. However, this report is a matter of public record and its distribution is not limited.

*KPMG Peat Marwick LLP*

February 23, 1998  
Washington, DC

## COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

### Reportable Conditions in Internal Control over Financial Reporting

#### *A. Lack of a Formal FMFIA Process and Internal Controls over Procedures*

During the Community Development Financial Institutions Fund's (the CDFI Fund) initial operating period (July 27, 1995 to September 30, 1997), critical management personnel were not in place and accordingly, internal control over financial reporting was not established maintained. Although there was limited financial activity at the CDFI Fund during much of this time, and certain financial managers within the U.S. Department of the Treasury (the Treasury) were assigned responsibility for maintaining the financial records related to the CDFI Fund activity, specific responsibility for establishing a system of internal controls and maintaining accountability for CDFI Fund assets was not addressed. As financial activity increased towards the end of fiscal year 1997, the need for separately identified and financially accountable management for the CDFI Fund became more apparent and corrective actions began to be taken.

However, during the period under audit, the following weaknesses in internal controls existed which could have adversely affected the CDFI Fund's ability to ensure that the objectives of internal controls, as previously identified, were achieved:

- Absence of a formal Federal Managers' Financial Integrity Act (FMFIA) program to identify and design corrective actions for material weaknesses
- Lack of a structured system of documentation for award files
- Vacant positions for oversight of awards programs
- Lack of formal post-awards monitoring procedures
- No formal review of monthly financial statements, accounting records, budgetary reports, and supporting reconciliations
- Vacant positions for Chief Financial Officer and Controller
- Inadequate delineation of organization responsibilities within the CDFI Fund
- General lack of documented policies and procedures

As a result of the foregoing, we concluded it was not cost-beneficial to place reliance on any internal controls maintained by the Treasury over financial reporting for the CDFI Fund for fiscal years 1995 and 1996. For the fiscal year ended September 30, 1997, we evaluated and tested relevant internal controls over financial reporting maintained at the Treasury on behalf of the CDFI and, for all three years, performed other substantive audit procedures to the extent we considered necessary to satisfy ourselves that amounts reported in the financial statements were materially correct.

However, we believe immediate and continual attention must be placed on corrective action necessary to eliminate the material weaknesses noted above. Failure to do so, along with the expected increase in financial activity of the CDFI Fund over the next several years, could result in material misstatements in the financial statements and/or material noncompliance with laws and regulations that could have a direct and material effect on the financial statements.

We noted the CDFI Fund has taken important first steps in fiscal year 1998 to address these material weaknesses. Since the beginning of fiscal year 1998, the following critical management positions at the CDFI Fund have been filled:

- |                                      |               |
|--------------------------------------|---------------|
| • Deputy Director for Management/CFO | November 1997 |
| • Awards Officer                     | January 1998  |
| • Staff Accountant                   | January 1998  |

As new personnel join the CDFI Fund, needed policies and procedures are among those items that will be addressed. Additionally, the Deputy Director for Management/CFO brought in contractors to perform an FMFIA assessment for 1997 during the first quarter of fiscal year 1998. The plan is for this assessment to be performed internally in the future and become a part of the CDFI Fund annual financial reporting process.

Plans to establish formal policies and procedures for administrative control of funds and reviews of monthly financial statements are currently being addressed by the Deputy Director for Management/CFO. Also, with the appointment of an Awards Officer, policies and procedures for post-award monitoring of awardees and awardee file maintenance are being addressed. Finally, we were informed by the Deputy Director for Management/CFO that the Fund plans to evaluate its structure and operations, to determine whether there are more efficient ways of accomplishing their goals and carrying out their mission.

#### Recommendation

We believe that the CDFI Fund has developed some strong plans for accomplishment in fiscal year 1998. We recommend that the CDFI continue to implement its plans and monitor whether their implementation is achieving their goals.

Specifically, action must be taken to:

- Establish a formal management control process and designate the Deputy Director for Management/CFO as the Fund's Management Control Officer
- Develop additional financial management positions and recruit personnel to fill these positions as soon as practicable
- Develop policies and procedures for an awards administration and monitoring function, in the first half of fiscal year 1998
- Develop formal, ongoing monitoring procedures, and related forms, and place them into operation

- Continue the design and development of a portfolio monitoring database
- Determine and communicate audit guidelines for the CDFI Fund awardees to follow
- Track the receipt of all required reporting activities for all the CDFI Fund awardees since the inception of the fund
- Establish a formal process for preparing, reviewing and distributing monthly financial statements, including specific procedures for follow-up on any issues identified during the process
- Finalize the awards file maintenance program and develop a "file contents checklist" to identify all documents that should be included in the awards files

### ***B. Recognition of Grant Award Expenses***

The CDFI currently administers two grant award programs -- the CDFI Fund program, and the BEA program.

The CDFI program awards grants to awardees based on projected performance and with the condition that the awardee certify that eligible matching funds are available. Once a program assistance agreement is signed as evidence that the projected performance is approved and matching funds are certified as available, the CDFI Fund has incurred a liability to disburse the grant funds to the awardee. Awards are not made on a reimbursement basis, and the awards are revocable only for failure to meet performance goals or other material noncompliance with program provisions.

The BEA program awards institutions for past performance and in anticipation of future performance goals set by the institution. The awards can be made over a period of time or all at once. Before payment is made, the BEA recipient must demonstrate that it has met the performance goals it set. Once the awardee has demonstrated that it has met its performance goals, a payable should be recognized by CDFI because no further action on the part of the awardee is required to "earn" the award.

Our audit revealed that liabilities incurred as a result of the awards process as described above had not been recorded by the CDFI Fund as earned by the awardees, but rather as the awards were disbursed. As a result, awards payable were understated by \$19 million and \$9.4 million at September 30, 1997 and 1996, respectively. Audit adjustments to record the awards payable and related grants expense were made by CDFI to correct these accounting errors.

#### **Recommendation**

We recommend that the CDFI Fund record payables for grant awards and related grants expense at the point in time when the awards are earned by the awardees, rather than when disbursed in cash.

## **Independent Auditors' Report on Compliance with Laws and Regulations**

The Inspector General, U.S. Department of the Treasury, and  
Director, Community Development Financial Institutions Fund:

We have audited the financial statements of the U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI) as of and for the year ended September 30, 1997, and have issued our report thereon dated February 23, 1998. Our report refers to the CDFI Fund's change in an accounting principle. We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 93-06, *Audit Requirements for Federal Financial Statements*, as amended.

The management of the CDFI Fund is responsible for complying with laws and regulations applicable to the CDFI Fund. As part of obtaining reasonable assurance about whether the CDFI Fund's financial statements are free of material misstatement, we performed tests of the CDFI Fund's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in Office of Management and Budget (OMB) Bulletin No. 93-06, as amended, including the requirements referred to in the Federal Managers' Financial Integrity Act (FMFIA) of 1982 and the Federal Financial Management Improvement Act (FFMIA) of 1996. However, providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in laws or regulations that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial statements, or the sensitivity of the matter would cause it to be perceived as significant by others. The results of the CDFI Fund's internal assessment and our tests of compliance disclosed the following instance of noncompliance that is required to be reported under *Government Auditing Standards* and OMB Bulletin 93-06, as amended.

### *Absence of a Formal FMFIA Process*

From the inception of the CDFI Fund in fiscal year 1995 to the end of fiscal year 1997, the CDFI Fund did not have a process in place to assess and report on internal controls as required under FMFIA, including an assessment of its compliance with automated systems guidance as required by FFMIA. The results of an FMFIA assessment conducted subsequent to September 30, 1997 (during the first quarter of fiscal year 1998), disclosed a lack of controls over internal financial reporting and a lack of policies and procedures in place to manage award programs during the initial three-year operating period. It also disclosed critical management positions were vacant, including those of the Chief Financial Officer and an Awards Officer. Our audit tests confirmed these weaknesses. The overall weaknesses in CDFI Fund's internal controls is discussed in our Independent Auditors' Report on Internal Controls over Financial Reporting, dated February 23, 1998.

### Recommendation

We recommend the filling of remaining essential management positions and establishment of procedures to assess internal controls through an FMFIA process continue to receive the highest priority of the CDFI Fund Director and Chief Financial Officer. (Action to begin in February 1998.)

### *Federal Financial Management Improvement Act Requirements*

With respect to FFMIA, OMB Bulletin 93-06, as amended, requires us to report whether the CDFI Fund's financial management systems substantially comply with (1) the Federal financial management systems requirements, (2) applicable accounting standards, and (3) the United States Standard General Ledger at the transaction level. Accordingly, we performed tests of compliance using the implementation guidance for FFMIA issued by OMB on September 9, 1997.

As discussed above, the CDFI Fund did not conduct a formal FMFIA assessment in fiscal year 1997. This impacted the CDFI Fund's ability to assess financial systems compliance with Federal standards. This matter was reported as a material weakness in the CDFI Fund's internal controls. In addition, the CDFI Fund has a material weakness relating to recording awards expenses and payables transactions, which is an indication of noncompliance with applicable accounting standards. This weakness is discussed in the Independent Auditors' Report on Internal Controls over Financial Reporting, dated February 23, 1998.

An audit of financial statements conducted in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin No. 93-06 is not designed to detect whether the CDFI Fund's systems are Year 2000 compliant. Further, we have no responsibility with regard to the CDFI Fund's efforts to make its systems,

or any other systems, such as those of the CDFI Fund's vendors, service providers, or any other third parties, Year 2000 compliant or provide assurance on whether the CDFI Fund has addressed or will be able to address all of the affected systems on a timely basis. These are responsibilities of the CDFI Fund's management.

#### Recommendation

Our recommendation relating to the FMFIA process and improving controls are discussed in our separately issued Independent Auditors' Report on Internal Controls over Financial Reporting, dated February 23, 1998. (Action to begin in March 1998.)

\* \* \* \* \*

This report is intended for the information of the CDFI Fund's management and the U.S. Department of the Treasury's Office of Inspector General. However, this report is a matter of public record and its distribution is not limited.

*KPMG Peat Marwick LLP*

February 23, 1998  
Washington, DC

# ***Financial Statements***

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**Community Development Financial Institutions Fund**  
**Statements of Financial Position**  
**As of September 30, 1997, 1996 and 1995**

	<u>1997</u>	<u>1996</u>	<u>1995</u>
Assets			
Intragovernmental Assets			
Fund Balances with Treasury (Note 2)	\$ 104,926,682	\$ 93,276,885	\$ 49,939,272
Advances and Prepayments	38,124	21,986	1,961
Governmental Assets			
Investments	5,996,900		
Credit Program Receivables (Note 3)	2,260,892		
Interest Receivable	14,860		
Total Assets	\$ <u>113,237,458</u>	\$ <u>93,298,871</u>	\$ <u>49,941,233</u>
Liabilities			
Liabilities Covered by Budgetary Resources			
Intragovernmental Liabilities			
Accounts Payable	\$ 111,588	\$ 70,324	\$
Interest Payable	251,970		
Debt (Note 4)	3,712,601		
Governmental Liabilities			
Accounts Payable	480,659	145,663	4,742
Awards Payable	19,029,187	9,425,453	
Accrued Payroll	9,202	28,894	19,160
Total Liabilities Covered by Budgetary Resources	<u>23,595,207</u>	<u>9,670,334</u>	<u>23,902</u>
Liabilities Not Covered by Budgetary Resources			
Governmental Liabilities			
Accrued Annual Leave	61,727	34,288	4,489
Total Liabilities Not Covered by Budgetary Resources	<u>61,727</u>	<u>34,288</u>	<u>4,489</u>
Total Liabilities	<u>23,656,934</u>	<u>9,704,622</u>	<u>28,391</u>
Commitments and Contingencies (Notes 3, 6 and 8)			
Net Position (Note 5)			
Balances			
Unexpended Appropriations	83,645,351	83,628,537	49,917,331
Invested Capital	5,996,900		
Future Funding Requirements	(61,727)	(34,288)	(4,489)
Total Net Position	<u>89,580,524</u>	<u>83,594,249</u>	<u>49,912,842</u>
Total Liabilities and Net Position	\$ <u>113,237,458</u>	\$ <u>93,298,871</u>	\$ <u>49,941,233</u>

*The accompanying notes are an integral part of these financial statements.*

**Community Development Financial Institutions Fund**  
**Statements of Operations and Changes in Net Position**  
**Years Ended September 30, 1997 and 1996**  
**and the Period from July 27, 1995 (inception) to September 30, 1995**

	<u>1997</u>	<u>1996</u>	<u>1995</u>
Revenues and Financing Sources			
Appropriated Capital Used	\$ 43,947,778	\$ 11,288,794	\$ 437,854
Interest and Penalties, Non-Federal	35,087		
Interest, Federal	176,181		
Interest, Subsidy	40,702		
Other Financing Sources (Note 7)	27,548		
Total Revenues and Financing Sources	<u>44,227,296</u>	<u>11,288,794</u>	<u>437,854</u>
Expenses			
CDFI Grants and Subsidies	20,007,372		
BEA Grants	19,348,245	9,425,453	
Administration	4,646,573	1,892,924	442,343
Total Operating Expenses (Note 8)	<u>44,002,190</u>	<u>11,318,377</u>	<u>442,343</u>
Interest			
Federal Financing Bank/Treasury Borrowing	251,970		
Other	575	216	
Total Expenses	<u>44,254,735</u>	<u>11,318,593</u>	<u>442,343</u>
Shortage of Revenues and Financing Sources Over Total Expenses	\$ <u>(27,439)</u>	\$ <u>(29,799)</u>	\$ <u>(4,489)</u>
Net Position, Beginning Balance as Previously Stated	\$ 83,594,249	\$ 49,912,842	\$
Prior Period Adjustments	<u>(38,508)</u>		
Net Position, Beginning Balance as Adjusted	83,555,741	49,912,842	
Shortage of Revenues and Financing Sources Over Total Expenses	(27,439)	(29,799)	(4,489)
Non-Operating Changes (Note 9)	6,052,222	33,711,206	49,917,331
Net Position, Ending Balance	<u>\$ 89,580,524</u>	<u>\$ 83,594,249</u>	<u>\$ 49,912,842</u>

*The accompanying notes are an integral part of these financial statements.*

**Community Development Financial Institutions Fund**  
**Statement of Cash Flows**  
**Years Ended September 30, 1997 and 1996**  
**and the Period from July 27, 1995 (inception) to September 30, 1995**

	<u>1997</u>	<u>1996</u>	<u>1995</u>
Cash Flows From Operating Activities			
Shortage of Revenue and Financing Sources Over Total Expenses	\$ (27,439)	\$ (29,799)	\$ (4,489)
Adjustments affecting Cash Flow:			
Appropriated Capital Used	(43,947,778)	(11,288,794)	(437,854)
Increase in Advances and Prepayments	(16,138)	(20,026)	(1,961)
Increase in Interest Receivable	(14,860)		
Increase in Accounts Payable	608,538	220,980	23,902
Increase in Awards Payable	9,603,734	9,425,453	
Direct Loan Subsidy	1,339,108		
Increase in Unfunded Leave	27,439	29,799	4,489
Prior Period Adjustments	(38,508)		
Net Cash Used by Operations	<u>(32,465,904)</u>	<u>(1,662,387)</u>	<u>(415,913)</u>
Cash Flows from Investing Activities			
Purchase of Investments	(5,996,900)		
Direct Loans Disbursed	<u>(3,600,000)</u>		
Net Cash Used by Investing Activities	<u>(9,596,900)</u>		
Cash Flows from Financing Activities			
Net Appropriation Received	50,000,000	45,000,000	50,355,185
Borrowing from Treasury	<u>3,712,601</u>		
Net Cash Provided by Financing Activities	<u>53,712,601</u>	<u>45,000,000</u>	<u>50,355,185</u>
Net Change in Fund Balances with Treasury	11,649,797	43,337,613	49,939,272
Fund Balances with Treasury, Beginning	<u>93,276,885</u>	<u>49,939,272</u>	
Fund Balances with Treasury, Ending	\$ <u>104,926,682</u>	\$ <u>93,276,885</u>	\$ <u>49,939,272</u>

*The accompanying notes are an integral part of these financial statements.*

**Notes to the Financial Statements**  
**Years Ended September 30, 1997 and 1996**  
**and the Period from July 27, 1995 (inception) to September 30, 1995**

**Note 1. Summary of Significant Accounting Policies**

**Basis of Presentation**

These financial statements have been prepared to report the financial position, results of operations and cash flows of the Community Development Financial Institutions (CDFI) Fund. The U.S. Department of the Treasury's (the Treasury) Bureau of the Public Debt-Franchise Services provides administrative accounting services to the CDFI Fund. These financial statements summarize the administrative accounting records maintained by the Bureau of the Public Debt-Franchise Services in its Federal Financial System (FFS) and are presented in accordance with the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Bulletin 94-01 and the CDFI Fund's accounting policies which are summarized in this note. A Statement of Budgetary Resources and Actual Expenses is not included in the principal statements. Treasury organizations received a waiver from the OMB for this requirement.

**Reporting Entity**

The CDFI Fund was created as a bipartisan initiative in the Riegle Community Development and Regulatory Improvement Act of 1994 (Public Law No. 103-325). The CDFI Fund was originally created to be a separate, independent wholly owned government corporation subject to the audit and reporting requirements of the Government Corporation Control Act (31 U.S.C. 9105 and 9106). However, the CDFI Fund was placed in the Treasury (Chapter X of title I, Public Law No. 104-19) and began operations as of July 27, 1995.

The CDFI Fund operates various programs aimed to expand the availability of credit, investment capital, financial, and other services in distressed urban, rural, and Native American communities. The Fund is intended to help create a national network of financial institutions dedicated to community development that leverages private resources (financial and human) to address community development needs.

The CDFI Program uses limited public resources to invest in private, for-profit and non-profit financial institutions. This investment helps build the capacity of local CDFIs by leveraging large amounts of private capital and builds on private-sector talent, creativity, and leadership. CDFI program awards may take the form of grants, direct loans, equity investments or technical assistance to eligible financial institutions.

The Bank Enterprise Awards (BEA) Program provides incentives to insured depository institutions (banks and thrifts) to invest in CDFIs and to increase their lending and financial services in distressed communities. Program participants are selected based on projected achievements. The awards are given only after the activities have been implemented successfully, to ensure that only completed activities are recognized and that the Fund's limited dollars are effectively leveraged with private capital.

These programs are funded under the following two appropriations:

- 20 Y/Y 1881, annual two-year appropriation for CDFI Fund operations; and
- 20 X 4088, no-year appropriation for tracking financing account transactions.

The CDFI Fund has developed the Presidential Awards for Excellence in Microenterprise Development under the authority of a 1995 Presidential Memorandum to the Secretary of the Treasury. This Microenterprise initiative is designed to help improve the quality of organizations that provide financing and services to the nation's smallest businesses. These non-monetary awards are designed to provide recognition and share lessons learned from outstanding programs in the field of microenterprise development.

## **Basis of Accounting**

The CDFI Fund's financial statements are accounted for in accordance with the following hierarchy which constitutes an other comprehensive basis of accounting other than generally accepted accounting principles:

- Individual standards agreed to by the Director of OMB, the Controller General, and the Secretary of the Treasury and published by OMB and the General Accounting Office.
- Form and Content requirements included in OMB Bulletin No. 94-01, dated November 16, 1993 and applicable requirements from 97-01 dated October 16, 1996;
- Accounting principles and standards published by the Department of the Treasury accounting policy and procedures manuals which are prevalent practices; and
- Accounting principles published by other Federal and private sector authoritative standard setting bodies and authoritative sources.

The Fund reports on an accrual basis and a budgetary basis. Under the accrual basis, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

## **Revenues and Other Financing Sources**

The CDFI Fund receives the majority of its funding through appropriations from the U.S. Congress. The Fund receives both annual and no-year appropriations that may be used, within statutory limits, for operating expenditures. A portion of the appropriation may be used for the cost of direct loans and the administrative expenses to carry out the direct loan program.

Additional revenues are obtained from interest received on direct loans to the public and on uninvested funds in the direct loan financing account with the Treasury.

Appropriations are recognized as revenues to the extent expenditures covered by budgetary resources are incurred. Subsidy interest revenue is recognized and interest differential amortized, when interest paid is greater than interest received as a result of the CDFI Fund providing direct loans to the public.

## **Fund Balances with Treasury**

The CDFI Fund does not maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by the U.S. Department of the Treasury. Fund Balances with Treasury are comprised primarily of appropriated and credit reform funds (financing and program accounts), which are available to pay current liabilities and finance authorized grant awards and other credit reform commitments.

## **Advances and Prepayments**

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

## **Investments**

In certain instances, the CDFI Fund provides assistance by purchasing non-voting, equity investments in for-profit CDFI Program awardees. The CDFI Fund is restricted from owning more than 50 percent of the equity of an awardee and can not control its operations. Investments are initially recorded at cost, and adjusted to market value based on reported market prices or other relevant financial information available for the investees at each year end. At September 30, 1997, cost and market values are the same due to the short duration the investments have been held by the CDFI Fund.

## **Credit Program Receivables**

In certain instances, the CDFI Fund provides assistance by direct loans to CDFI Program awardees. Direct loans are accounted for on a present value basis as required by the Statement of Federal Financial Accounting Standard (SSFAS) No.2 . The use of the present value accounting method is consistent with the intent of the Federal Credit Reform Act of 1990. Loans are reported as receivables when disbursed, reduced by an allowance equal to the present value of the subsidy cost associated with the loans. Subsidy costs include the present value of the interest rate differential between the loan and the Treasury borrowing rates, the estimated delinquencies and defaults net of estimated recoveries, the offset from fees, and other estimated cash flows.

## **Interest Receivable**

Interest income is accrued at the contractual rate on the outstanding credit program receivable principal balances.

## **Property and Equipment**

Office space in the building in which the CDFI Fund administrative offices are located is leased through the General Services Administration. GSA charges the Fund rent that approximates the commercial rental for similar properties.

Equipment purchased, transferred or donated with a cost greater than or equal to \$50,000 per unit and a useful life of two years or more is capitalized at cost and depreciated. However, at September 30, 1997, the Fund has no capitalizable equipment or other property. Other equipment is expensed when purchased. Normal repairs and maintenance are charged to expense as incurred.

## **Liabilities**

Liabilities represent the amount of monies or other resources that are likely to be paid by the CDFI Fund as a result of a transaction or event that has already occurred. Liabilities for which an appropriation has not yet been enacted are classified as unfunded liabilities.

## **Debt**

Debt represents borrowings payable to the Treasury resulting from loans from the Treasury to fund direct loans made by the CDFI Program. These borrowings are accounted for in the financing account (20 X 4088), which is required to make annual principal payments to the Treasury based on the collections of loans receivable.

## **Interest Payable**

The CDFI Fund financing account (20 X 4088) records interest payable to the Treasury for related borrowings. The CDFI Fund is required to make annual interest payments to the Treasury.

## **Annual, Sick, and Other Leave**

Annual leave and compensatory leave is accrued as a liability when earned, and the accrual is reduced as leave is taken. The balance in this accrued liability account is computed using current pay rates. Sick leave and other types of non-vested leave are expensed as the leave is taken.

## **Retirement Plans**

CDFI Fund employees participate in the Civil Service Retirement System (CSRS) or Federal Employees' Retirement System (FERS). The FERS was established by the enactment of Public Law 99-335. Pursuant to this law, most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, elected to join either FERS and Social Security or remain in CSRS.

All employees are eligible to contribute to the Thrift Savings Plan (TSP). For those employees participating in the FERS, a TSP account is automatically established, and the CDFI Fund makes a mandatory 1 percent contribution to this account. In addition, the Fund makes matching contributions, ranging from 1 to 4 percent, for FERS eligible employees who contribute to their TSP account. Matching contributions are not made to the TSP accounts established by CSRS employees.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program for retirement. In these instances, the Fund remits the employer's share of the required contribution. For Fund employees participating in CSRS, the Fund makes matching contributions to CSRS equal to 7 percent of base pay.

The Fund does not report information pertaining to the retirement plans covering its employees in its financial statements. Reporting amounts such as plan assets, accumulated plan benefits, or unfunded liabilities, if any, is the responsibility of the Office of Personnel Management. However, as a result of Statements of Federal Financial Accounting Standard (SSFAS) No. 5, which is effective for fiscal year 1997, the CDFI Fund is required to report the full cost of providing pension benefits to include the cost financed by the Office of Personnel Management (OPM). For 1997, the CDFI Fund paid \$94,901 for retirement benefits, which approximated the full cost of these benefits.

Similar to Federal Retirement plans, OPM, rather than the CDFI Fund, reports the liability of future payments to retired employees who participate in the Federal Employees Health Benefits Program (FEHBP) and Federal Employees Group Life Insurance (FGLI) Program. As a result of SSFAS No. 5, the CDFI Fund is required to report the full cost of providing other retirement benefits (ORB). Currently the CDFI Fund does not contribute funds to cover the cost of providing health benefits and life insurance to its retirees (see Note 7).

SSFAS No. 5 also requires the CDFI Fund to recognize an expense and liability for other post employment benefits (OPEB), which include all types of benefits provided to former or inactive (but not retired) employees, their beneficiaries, and covered dependents. The CDFI Fund recognizes an expense and liability for OPEB when a future outflow or other sacrifice of resources is probable and measurable on the basis of events occurring on or before the end of the fiscal year. At September 30, 1997, the CDFI Fund had no liability for OPEB.

## **Awards Payable**

CDFI program grant expense is recognized and awards payable are recorded when the CDFI Fund is made aware, in writing, of the awardee's matching funds commitment and an executed agreement is signed. BEA grant expense is recognized and awards payable are recorded at the end of the assessment period in which the awardees demonstrate completion of qualified activities.

## **Tax Status**

The CDFI Fund, as a government corporation, is not subject to federal, state, or local income taxes and, accordingly, no provision for income tax is recorded.

## **Contingencies**

The CDFI Fund may be a party in various administrative proceedings, legal actions, and claims brought by or against it. The Fund's management and legal counsel are unaware of any contingencies that would materially affect the CDFI's financial position or results of operations.

## **Use of Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

## Note 2. Fund Balances with Treasury

Fund balances with Treasury as of September 30, 1997, 1996 and 1995, consists of the following:

FY 1997		Unobligated			Total
	Obligated	Available	Restricted		
Appropriated					
20 7/8 1881	\$ 14,554,369	\$ 35,445,631	\$	\$	50,000,000
20 6/7 1881	42,174,711		84,443		42,259,154
20 5/6 1881	11,103,406		422,093		11,525,499
20 X 4088	1,142,029				1,142,029
Fund Balances	\$ 68,974,515	\$ 35,445,631	\$ 506,536	\$	104,926,682

FY 1996		Unobligated			Total
	Obligated	Available	Restricted		
Appropriated					
20 6/7 1881	\$	\$ 45,000,000	\$	\$	45,000,000
20 5/6 1881	47,865,288		411,597		48,276,885
Fund Balances	\$ 47,865,288	\$ 45,000,000	\$ 411,597	\$	93,276,885

FY 1995		Unobligated			Total
	Obligated	Available	Restricted		
Appropriated					
20 5/6 1881	\$ 48,015	\$ 49,891,257	\$	\$	49,939,272
Fund Balances	\$ 48,015	\$ 49,891,257	\$	\$	49,939,272

## Note 3. Credit Program Receivables

The CDFI Fund operates the CDFI Program to facilitate the flow of capital into distressed communities. The CDFI Program invests in a variety of forms, including equity loans, grants, deposits and credit union shares, depending on market needs and the ability of individual local CDFIs to raise matching funds in comparable form.

Direct loan obligations and the resulting direct loans are governed by the Federal Credit Reform Act of 1990. The Act provides that the present value of the subsidy costs (i.e. interest rate differentials, interest subsidies, estimated delinquencies and defaults, fee offsets and other cash flows) associated with direct loans be recognized as a cost in the year the direct or guaranteed loan is disbursed. An analysis of fiscal year 1997 credit program receivables and the nature and amounts of the subsidy and administrative costs associated with the direct loans is provided below.

Credit Program Receivables as of September 30, 1997, are as follows:

Loan Program	Loans Receivable, Gross	Allowance for Subsidy Cost (PV)	Value of Assets Related to Direct Loans
CDFI	\$ 3,600,000	\$ 1,339,108	\$ 2,260,892
Total	\$ 3,600,000	\$ 1,339,108	\$ 2,260,892



## Subsidy Expense Related to Current Year's Direct Loans

Loan Program	Original Interest Differential	Estimated Defaults	Total	Less Amortization of Interest Differential	Total
CDFI	\$ 810,670	569,140	1,379,810	40,702	\$ 1,339,108
Total	\$ 810,670	569,140	1,379,810	40,702	\$ 1,339,108

## Direct Loan Modifications and Reestimates

Loan Program	Modifications	Reestimates
CDFI	\$ 0	\$ 0

The subsidy cost allowance was not re-estimated as of September 30, 1997, because less than 90% of loans in the 96 Cohort have been disbursed as of September 30, 1997. No modifications occurred during fiscal year 1997.

## Total Direct Loan Subsidy Expenses

Loan Program	Total
CDFI	\$ 1,339,108

## Administrative Expense for Direct Loans

Loan Program	Total
CDFI	\$ 300,000

The CDFI Fund did not provide direct loans in fiscal years 1996 and 1995. Management estimated approximately 7 percent of total administrative expenses related to the cost of administering direct loans. Loan commitments and related subsidies as of September 30, 1997 were \$4,260,000 and \$2,025,181, respectively.

## Note 4. Debt

Debt as of September 30, 1997, is as follows:

	Beginning Balance Oct 1, 1996	New Borrowings	Repayments	Ending Balance Sep 30, 1997
Borrowings from the Treasury	\$ 0	\$ 3,712,601	-	\$ 3,712,601
Total Debt	\$ 0	\$ 3,712,601	-	\$ 3,712,601

The CDFI Fund did not borrow funds from the Treasury in fiscal years 1996 and 1995.

## Note 5. Net Position

Net Position as of September 30, 1997, 1996 and 1995 is as follows:

	1997		1996	1995
	Credit Reform	Appropriated		
Net Position:				
Unexpended Appropriations:				
Unobligated Available	\$	\$ 35,445,631	\$ 45,000,000	\$ 49,891,257
Unobligated Unavailable		506,536	422,093	
Undelivered Orders	2,025,181	45,668,003	38,206,444	26,074
Invested Capital		5,996,900		
Future Funding Requirements		(61,727)	(34,288)	(4,489)
Total Net Position	\$ 2,025,181	\$ 87,555,343	\$ 83,594,249	\$ 49,912,842

The components of net position are as follows:

**Unexpended Appropriations:** This amount includes the portion of the CDFI Fund's appropriations represented by undelivered orders and unobligated balances. Undelivered orders do not include loan obligation balances, as loans are funded primarily from borrowings from the Treasury, but do include \$2,025,181 related to the subsidy portion of loans that have been obligated but not disbursed. Once the loans are disbursed, the subsidy portion will be expensed. Unobligated balances include both available and unavailable amounts.

**Invested Capital:** This amount includes \$5,996,900 of equity investments in local CDFIs. The CDFI Program purchases non-voting equity investments in for-profit awardees. The investments are transferable and may be converted to voting stock upon transfer.

**Future Funding Requirements:** This amount reflects liabilities reported in the Statements of Financial Position which are not covered by available budgetary resources.

## Note 6. Operating Leases

The CDFI Fund leases office space from the General Services Administration in the Homer Building located in Washington DC at 601 13th Street, NW. The lease will terminate January 8, 2002. Future payments due for operating leases on buildings and office space as of September 30, 1997 are as follows:

Fiscal Year	Estimated Cost
1998	\$ 443,227
1999	458,740
2000	474,795
2001	491,413
2002	127,153
Total	<u>\$ 1,995,328</u>

Rent expense for 1997 totaled \$445,000. CDFI Fund did not incur operating lease expense in fiscal years 1996 and 1995.

## Note 7. Other Revenues and Financing Sources

Other revenue and financing sources as of September 30, 1997 are as follows:

	1997
Imputed Financing Sources:	
Post Retirement Benefits	\$ <u>27,548</u>
Total Other Revenues and Financing Sources	<u>\$ 27,548</u>

### Post Retirement Benefits

Post Retirement Benefits are imputed from three basic sources; pension expense, health insurance expense, and life insurance expense. The total cost of providing pension benefits as provided by OPM was covered by amounts contributed by the CDFI Fund and its employees. Therefore, there was no additional pension expense or imputed financing source in the CDFI Fund's financial statements for fiscal year 1997. The fiscal year 1997 FEHBP cost factor per employee enrolled in the FEHBP is \$2,493 which is provided by OPM on a per employee basis because the benefits do not depend on future salary levels of individual employees. The FEHBP ORB amount totaling \$27,423 is included as an expense and imputed financing source in the CDFI Fund's financial statements for fiscal year 1997. The fiscal year 1997 FEGLI cost factor for employees enrolled in the FEGLI program is 0.02 percent of their basic pay. The FEGLI ORB amount totaling \$125 is included as an expense and imputed financing source in the CDFI Fund's financial statements for fiscal year 1997. Reporting post retirement benefits was not required in fiscal years 1996 and 1995.

## Note 8. Operating Expenses

Operating expenses by object classification for the periods ended September 30, 1997, 1996 and 1995 are as follows:

	1997	1996	1995
Personnel Compensation	\$ 880,052	\$ 584,144	\$ 313,180
Personnel Benefits	243,782	136,766	54,623
Travel and Transportation of Persons	25,901	75,766	
Transportation of Things	5,000	2,357	7,289
Rents, Communication, and Utilities	539,945	161,391	
Printing and Reproduction	21,527	48,825	1,148
Other Services*	2,709,253	637,170	15,879
Supplies and Materials	33,304	21,242	2,809
Acquisition of Machinery and Equipment	187,809	225,263	47,415
Grants	37,975,807	9,425,453	
Subsidies	1,379,810		
Total Operating Expenses	\$ 44,002,190	\$ 11,318,377	\$ 442,343

\*Other Services include management support and contractual services, training, repairs and maintenance, and leasehold improvements.

As of September 30, 1997, CDFI has committed to awarding \$37,332,825 in grants. These grant awards are in the approval process and have not yet been disbursed.

## Note 9. Non-Operating Changes

Non-operating changes consist of increases and decreases in the components of net position that are not reported in the operating statement. The following table identifies the components of the non-operating changes for the periods ended September 30, 1997, 1996 and 1995:

	1997	1996	1995
Increase:			
Appropriation Received	\$ 50,000,000	\$ 45,000,000	\$ 50,355,185
Decrease:			
Appropriation Used	43,947,778	11,288,794	437,854
Net Non-Operating Change	\$ 6,052,222	\$ 33,711,206	\$ 49,917,331

## Appendix A

### FY 1997 Awards

## CDFI Awards

### **ACCION El Paso** **El Paso, TX** **\$130,000 Grant** **\$200,000 Loan**

Provides business loans of \$250-\$25,000 to disenfranchised, low-income, and minority entrepreneurs in El Paso County unable to access business credit from the formal banking sector.

### **Alaska Growth Capital** **BIDCO** **Anchorage, AK** **\$1,000,000 Equity Investment**

Provides financing for business and economic development projects in rural, low-income communities, primarily Alaska Native.

### **Albina Community Bank** **Portland, OR** **\$400,000 Equity Investment**

Serves residential and commercial credit needs of primarily low-to-moderate income residents of north and northeast Portland, Oregon.

### **Alternatives** **Federal Credit Union** **Ithaca, NY** **\$750,000 Grant** **\$57,000 Technical Assistance**

Provides a full range of products and development services to members in Ithaca and Tompkins County.

### **Boston Community Capital, Inc.** **(formerly BCFL, Inc.)** **Jamaica Plains, MA** **\$435,000 Grant** **\$565,000 Equity Investment**

Serves credit and investment needs to low-income communities in the Boston area by providing loans for housing development, community facilities, and working capital to human service organizations.

### **Boston Bank of Commerce** **Boston, MA** **\$750,000 Equity**

Serves community development needs throughout the Boston metropolitan area, primarily in African-American neighborhoods.

### **Central Appalachian Peoples Federal Credit Union** **Berea, KY** **\$425,000 Grant** **\$100,000 Loan** **\$50,000 Technical Assistance**

Works with affiliates and other nonprofit community organizations to provide a full range of products and development services, including consumer financial services, to its members in the rural Appalachian regions of Kentucky, Tennessee, Virginia, and West Virginia.

### **Chowan Credit Union, Inc.** **Edenton, NC** **\$150,000 Grant** **\$25,000 Technical Assistance**

Concentrates on loans for homeownership, home improvement, and small businesses among its membership from the largely rural service area of Chowan, Pasquotank, and Gates counties.

### **Coastal Enterprises, Inc.** **Wiscasset, ME** **\$2,500,000 Grant**

Creates jobs, affordable housing, and community facilities for low-income people in distressed communities of Maine.

### **College Height Credit Union** **Fayetteville, NC** **\$175,000 Grant** **\$30,000 Technical Assistance**

Provides access to financial services and loans, including auto and home improvement loans, to low-income membership in Fayetteville and surrounding Cumberland County.

### **Colorado Enterprise Fund** **Denver, CO** **\$250,000 Grant** **\$25,000 Technical Assistance**

Provides capital and technical assistance to socially and economically disadvantaged small business owners unable to access traditional bank financing in the Denver metro area.

### **Community Investment Corporation** **Chicago, IL** **\$1,000,000 Grant**

Researches community credit needs and creates loan products to meet those needs. Provides single-family rehab loans in targeted Chicago neighborhoods, offers multifamily loans, and makes available a flexible pool of funds to facilitate the rehabilitation of multifamily buildings in communities not previously served by existing loan products.

### **Community Loan Fund of New Jersey, Inc.** **Trenton, NJ** **\$800,000 Grant** **\$400,000 Loan** **\$30,000 Technical Assistance**

Increases access of capital to low-income people to facilitate self-sufficiency, and provides gap financing and development services to nonprofit, community-based developers of affordable housing, community facilities and small business enterprises.

### **Community Ventures Corporation** **Lexington, KY** **\$350,000 Grant**

Provides loans for downpayments, closing costs, and lease-purchase programs targeted to low-income, first-time homebuyers and loans to small businesses and microenterprises throughout the Kentucky Bluegrass region.

### **Cooperatives Business Assistance Corporation** **Camden, NJ** **\$500,000 Grant** **\$500,000 Loan**

Provides capital to start-up businesses, makes microenterprise, commercial business, and longer-term fixed asset loans, and assists with technical support to the businesses it finances.

### **Enterprise Development Corporation** **The Plains, OH** **\$125,000 Grant**

Provides loans, training, and technical assistance to emerging businesses owned by low-income, women, and minority residents in a 30-county, largely rural region of Appalachian Ohio.

**Enterprise Foundation  
Columbia, MD  
\$2,500,000 Grant**

Provides loans and technical assistance to nonprofit developers of affordable housing serving distressed areas of 16 cities across the nation.

**Housing Development  
Fund of Lower Fairfield  
County  
Stamford, CT  
\$78,500 Grant**

Provides below market-rate construction and permanent financing of affordable housing in Fairfield County, Connecticut.

**Institute for Community  
Economics, Inc.  
Springfield, MA  
\$1,125,000 Grant  
\$96,100 Technical Assistance**

Provides both financial services and technical assistance to community-based organizations developing resident-controlled, permanently affordable housing.

**Jackson/Hinds Minority  
Capital Fund, Inc.  
Jackson, MS  
\$700,000 Grant**

Provides financing and technical assistance to minority-owned businesses located in the Jackson, Mississippi area.

**Leviticus 25:23 Alternative  
Fund, Inc.  
Yonkers, NY  
\$250,000 Grant**

Makes credit available to non-profit community development organizations providing services to low-income families, individuals, and neighborhoods unable to access conventional credit markets.

**Local Initiatives Support  
Corporation  
New York, NY  
\$1,000,000 Grant**

Assists community development corporations in efforts to transform distressed neighborhoods in urban and rural locations throughout the country.

**Low Income Housing Fund  
San Francisco, CA  
\$165,000 Technical  
Assistance**

Provides capital for affordable housing in low-income communities in over 20 states around the country.

**Minority Investment  
Development Corporation  
Providence, RI  
\$750,000 Equity Investment**

Lends to minority and disadvantaged entrepreneurs throughout the state, providing needed subordinated debt and quasi-equity financing.

**National Community  
Capital Association  
Philadelphia, PA  
\$1,750,000 Grant**

Assists nonprofit CDFIs financing housing and economic development in low-income communities across the nation.

**National Federation of  
Community Development  
Credit Union  
New York, NY  
\$3,250,000 Grant**

Provides funding and technical assistance to its 154 member community development credit unions operating in low-income communities in 35 states.

**Neighborhood  
Bancorporation  
San Diego, CA  
\$1,500,000 Equity  
Investment**

Facilitates the revitalization of low-income and minority neighborhoods in San Diego.

**Neighborhood Housing  
Services of Chicago, Inc.  
Chicago, IL  
\$966,700 Grant**

Provides loans to rehabilitate and purchase single and multi-family homes in minority and low-to-moderate income areas of Chicago.

**New Mexico Community  
Loan Fund  
Albuquerque, NM  
\$600,000 Grant**

Provides loans and technical assistance to low-income people and community-based organizations across the state, focusing in rural communities.

**Northcountry Cooperative  
Development Fund  
Minneapolis, MN**

**\$185,000 Equity Investment**  
Promotes economic equity and community stability by making loans to cooperatives across a ten-state region of the Upper Midwest with most borrowers located in low-income communities.

**Northeast Entrepreneur  
Fund  
Virginia, MN**

**\$250,000 Grant  
\$35,000 Technical Assistance**  
Provides training, technical assistance, and financing to unemployed and underemployed starting or expanding businesses in the seven-county Arrowhead region of rural northeastern Minnesota.

**PPEP Microbusiness and  
Housing Development  
Corporation  
Tucson, AZ**

**\$250,000 Grant**  
Focuses on credit worthy borrowers who cannot otherwise qualify for mortgages, especially minorities, women head of households, and individuals living in substandard housing, in central and southern Arizona.

**Primary Care Development  
Corporation  
New York, NY**

**\$2,500,000 Grant**  
Offers financial and technical assistance to non-profit, health care providers building and operating new or expanded primary care facilities throughout medically under-served communities of New York City.

**Renaissance Economic  
Development Corporation  
New York, NY  
\$300,000 Grant**

Provides credit access to under-served, low-to-moderate income immigrant and minority communities in New York City.

**Rural Community  
Assistance Corporation  
Sacramento, CA  
\$600,000 Equity  
\$300,000 Technical  
Assistance**

Serves lower-income, farm workers, and Native American rural communities in 12 western states.

**Sable Bancshares, Inc.  
Chicago, IL  
\$1,000,000 Equity  
Investment**

Combines commercial real estate and residential lending with community development activities to stem business flight and stimulate neighborhood revitalization.

**San Antonio Business  
Development Fund  
San Antonio, TX  
\$500,000 Grant**

Addresses the under-served credit needs of small minority-owned, and women-owned businesses in San Antonio and Bexar Counties.

**Southern Dallas  
Development Corporation  
Dallas, TX  
\$600,000 Grant**

Provides financing and development services in south Dallas and the Dallas Enterprise Zone.

**St. Luke Credit Union  
Windsor, NC  
\$230,000 Grant  
\$20,000 Technical Assistance**

Serves the predominately African-American community in rural northeastern North Carolina and seeks to link local residents' savings and community development.

**Tampa Bay Community  
Reinvestment Corporation  
Tampa, FL  
\$2,500,00 Grant**

Provides mortgage loans for affordable multi-family housing in the seven-county Tampa Bay region of Florida.

**Tri-County Credit Union  
Ahoskie, NC  
\$250,000 Grant  
\$25,000 Technical Assistance**

Provides financial services to predominately African American counties in rural northeastern North Carolina with incomes significantly below the median for the state.

**Unified Singers  
Federal Credit Union  
Thomasville, GA  
\$250,000 Grant  
\$21,000 Technical Assistance**

Addresses problems of historic disinvestment and lack of access to conventional credit in the rural African American community of Thomas County Georgia.

**Union Settlement  
Federal Credit Union  
New York, NY  
\$200,000 Grant**

Provides financing for home ownership, housing cooperatives, and private rental housing as well as small businesses servicing the East Harlem Empowerment Zone of New York City.

**United Bank of  
Philadelphia  
Philadelphia, PA  
\$500,000 Grant**

Enhances the credit worthiness of borrowers unable to access to traditional financial service providers and graduate them into the mainstream credit market.

**Vermont Community Loan  
Fund, Inc.  
Montpelier, VT  
\$465,000 Grant  
\$35,000 Technical Assistance**

Finances projects across Vermont providing housing and economic opportunities for low-income people.

**Vermont development  
Credit Union  
Burlington, VT  
\$500,000 Grant**

Builds community and individual assets for low-income people and disadvantaged communities not served by mainstream financial institutions.

**Washington County  
Council on Economic  
Development  
Washington, PA  
\$250,000 Grant**

Works to unify the efforts of southwestern Pennsylvania's community development, economic development, and human service agencies to create social change and rebuild the community.

**Wendell Phillips  
Community Development  
Credit Union  
Minneapolis, MN  
\$80,000 Grant**

Focuses on accumulating capital in the community, ensures access to credit for residents, and promotes financial literacy among adults and youth in low-income neighborhoods of Phillips' in Minneapolis, Minnesota.

## BEA Awards

### **Amalgamated Bank New York, NY**

**\$16,200 Grant**

Coordinated the work of nine Neighborhood Housing Services programs in New York City, focusing on mortgages, home repair, and property rehabilitation loans.

### **American State Bank Osceola, AR**

**\$15,000 Grant**

Provided patient capital and technical assistance to small businesses, including start-ups and minority-owned enterprises in the very distressed Mississippi Delta regions of Arkansas, Louisiana and Mississippi.

### **Atlantic Bank, NA Portland, ME**

**\$15,000 Grant**

Promoted job creation for low-income people.

### **BankBoston, NA Boston, MA**

**\$128,300 Grant**

Made equity investments and loans to certified CDFIs and expanded its microlending activities.

### **Bankers Trust Company New York, NY**

**\$957,000 Grant**

Provided financial support for the third round of lending for National Community Development Initiative boosting the capacity of community development corporations.

### **Bank of America Community Development Bank**

**Walnut Creek, CA**

**\$915,333 Grant**

Increased multi-family housing, commercial real estate, business loans, and made loans to nonprofit housing developers.

### **Bank of America, FSB Portland, OR**

**\$465,178**

Provided multi-family housing, commercial real estate, and business loans in distressed communities of Texas, Colorado, New Mexico, Washington, and Arizona.

### **Bank of America, NT & SA Chicago, IL**

**\$18,000 Grant**

Provided operating support to four Chicago CDFIs.

### **Bath Savings Institution Bath, ME**

**\$8,250 Grant**

Promoted job creation for low-income people and brought capital from the private sector to assist small businesses.

### **Branch Banking and Trust Company**

**Winston Salem, NC**

**\$330,000 Grant**

Originated and purchased home loans and small business loans made to low-to-moderate income individuals across North Carolina.

### **California Korea Bank Los Angeles, CA**

**\$31,250 Grant**

Served unmet credit needs by making direct loans for affordable housing projects and other community development activities.

### **Cambridge Savings Bank Boston, MA**

**\$1,732 Grant**

Provided matching loans to participate in the Working Capital Program.

### **CenFed Bank Pasadena, CA**

**\$62,500 Grant**

Served unmet credit needs by making direct loans for affordable housing projects and other community development activities.

### **Central Bank Monroe, LA**

**\$37,500 Grant**

Provided patient capital and technical assistance in small business, including start-ups and minority-owned enterprises in the very distressed Mississippi Delta region of Louisiana, Arkansas, and Mississippi.

### **Central Bank of Kansas City Kansas City, MO**

**\$83,808 Grant**

Increased its commercial real estate, business, and agricultural loans within a distressed community.

### **Central Carolina Bank Durham, NC**

**\$550,000 Grant**

Provided financing for homes, small businesses, and community facilities for low-wealth and underserved individuals and communities across North Carolina.

### **Chase Manhattan Bank New York, NY**

**\$960,205 Grant**

Provided operating grants, grants for loan loss reserves, and equity investments.

### **Chevron Credit Bank Concord, CA**

**\$9,750 Grant**

Promoted affordable housing in the Fairpark and Guadalupe neighborhood s of Salt Lake City.

### **Citibank, FSB San Francisco, CA**

**\$740,156 Grant**

Provided multi-family housing loans in distressed areas of San Francisco, Santa Clara County, and West Sacramento, California, Hialeah, Florida, Chicago, Illinois, and Washington, DC.

### **Citibank, NA New York, NY**

**\$2,517,024 Grant**

Increased level of community development lending in distressed communities in Brooklyn, Manhattan, and the Bronx.

### **City National Bank Los Angeles, CA**

**\$12,500 Grant**

Served unmet credit needs by making direct loans for affordable housing projects and other community development activities.

### **Cole Taylor Bank Wheeling, IL**

**\$39,480 Grant**

Provided second mortgage rehabilitation financing for the Back of the Yards community of Chicago.

### **Community Capital Bank Brooklyn, NY**

**\$168,796 Grant**

Helped low-to-moderate income communities of New York City gain access to credit and banking services in order to assist in the development of their housing and economic infrastructures.



**Community Bank  
of the Bay  
Oakland, CA  
\$1,657,750 Grant**

Made loans for multi-family housing and commercial real estate and increased lending and other services within impoverished neighborhoods.

**Crestar Bank  
Washington, DC  
\$464,607 Grant**

Made grants and provided technical assistance to CDFIs and other community organizations, and increased consumer, multi-family housing, commercial real estate, and business loans in distressed communities.

**European American Bank  
New York, NY  
\$1,547,285 Grant**

Increases commercial real estate and business loans and provided equity grants to three CDFIs serving New York.

**Fidelity Federal Bank  
Los Angeles, CA  
\$250,000 Grant**

Served unmet credit needs by making direct loans for affordable housing projects and other community development activities.

**First Bank of Beverly Hills  
Beverly Hills, CA  
\$19,254 Grant**

Increased its multi-family housing loans and loans funding construction of multi-family rental units in Los Angeles.

**First National Bank  
of Phillips County  
Helena, AR  
\$7,500 Grant**

Provided patient and technical assistance in small businesses, including start-ups and minority-owned enterprises in the very distressed Mississippi Delta regions of Louisiana, Arkansas, and Mississippi.

**First Union National Bank  
Charlotte, NC  
\$948,750 Grant**

Made equity investments and loans to CDFIs in Florida, Maryland, North Carolina, and Washington, DC.

**First National Bank  
of Commerce  
New Orleans, LA  
\$112,500 Grant**

Provided patient and technical assistance in small businesses, including start-ups and minority-owned enterprises in the very distressed Mississippi Delta region of Louisiana, Arkansas, and Mississippi.

**Florida International Bank  
Miami, FL  
\$13,968 Grant**

Made single-family housing and small business loans in the distressed neighborhood of West Perrine in Dade County.

**Girard Savings Bank  
Beverly Hills, CA  
\$98,100 Grant**

Served unmet credit needs by making direct loans for affordable housing projects and other community development activities.

**Hanmi Bank  
Los Angeles, CA  
\$25,000 Grant**

Served unmet credit needs by making direct loans for affordable housing projects and other community development activities.

**Harris Trust  
and Savings Bank  
Chicago, IL  
\$5,400 Grant**

Provided needed operating support to institutions which fund housing and community facilities in the Chicago area.

**Kennebunk Savings Bank  
Kennebunk, ME  
\$12,000 Grant**

Promoted job creation for low-income people and to bring development capital from the private sector to assist small businesses.

**Manufacturers and Traders  
Trust Company  
New York, NY  
\$218,770 Grant**

Increased multi-family housing loans in the Harlem, Washington Heights, and Inwood neighborhoods of New York City as well as providing operating grants to 13 CDFIs and loans to three CDFIs in the New York area.

**NationsBank of Texas, NA  
Dallas, TX  
\$334,400 Grant**

Made loans to three certified CDFIs.

**NationsBank, NA  
Charlotte, NC  
\$545,600 Grant**

Made loans to three certified CDFIs.

**Norwest Bank  
Colorado, NA  
Denver, CO  
\$165,000 Grant**

Helped nonprofit organizations increase their affordable housing development capacity.

**Ocean National Bank  
Kennebunk, ME  
\$4,500 Grant**

Promoted job creation for low income people.

**Peoples Heritage Bank  
Portland, ME  
\$30,000 Grant**

Promoted job creation for low income people.

**People's Bank of California  
Los Angeles, CA  
\$62,500 Grant**

Served unmet credit needs by making direct loans for affordable housing projects and other community development activities.

**Pepperell Trust Company  
Biddeford, ME  
\$7,500 Grant**

Promoted job creation for low income people.

**Republic National Bank  
New York, NY  
\$371,550 Grant**

Provided loans and operating grants to 20 CDFIs serving New York and also placed non-member deposits with 4 community development credit unions.

**Republic Bank  
California, NA  
Beverly Hills, CA  
\$52,618 Grant**

Made equity investments with three certified CDFIs and loans to four CDFIs.

**Republic Bank  
& Trust Company  
Louisville, KY  
\$1,100 Grant**

Provided low income individuals with opportunities to lease or purchase single family properties.

**Roosevelt Savings Bank  
Garden City, NY  
\$2,250 Grant**

Financed affordable housing and promotes community revitalization.

**Simmons First  
National Bank  
Pine Bluff, AK  
\$30,000 Grant**

Provided patient and technical assistance in small businesses, including start-ups and minority-owned enterprises in the very distressed Mississippi Delta regions of Louisiana, Arkansas, and Mississippi.

**The South Shore Bank  
of Chicago  
Chicago, IL  
\$713,920 Grant**

Increased consumer, multi-family, and business loans in Chicago's distressed communities.

**The Northern Trust  
Company  
Chicago, IL  
\$425,500 Grant**

Made grants, loans, and equity investments in five certified CDFIs.

**Trustmark National Bank  
Jackson, MS  
\$150,000 Grant**

Provided patient and technical assistance in small businesses, including start-ups and minority-owned enterprises in the very distressed Mississippi Delta regions of Louisiana, Arkansas, and Mississippi.

**Wainwright Bank and  
Trust Company  
Boston, MA  
\$60,385 Grant**

Increased its multi-family housing and commercial loans and provided community services within distressed neighborhoods of Boston.

**Washington Federal  
Savings Bank  
Washington, PA  
\$83,250 Grant**

Made business loans of less than \$25,000 to low and moderate income people.

## Appendix B

### Certified CDFIs

The following list of 196 organizations have been certified by the Fund as Community Development Financial Institutions (CDFIs).

Certification as a CDFI means that an organization meets the CDFI eligibility requirements. The current CDFI eligibility requirements as set forth in the CDFI Program regulations at 12 CFR Section 1805.200 and are more fully described at 12 CFR Section 1805.701(b). These requirements relate to an organization" having a primary mission of promoting community development, predominantly serving and maintaining accountability to eligible target markets, being a financing entity, providing development services and not being a government entity. Certification does not constitute an opinion by the Fund as to the effectiveness or financial viability of the certified organization.

#### ALASKA (2)

**Alaska Growth Capital BIDCO, Inc.**

201 Arctic Slope Avenue  
Suite 100  
Anchorage, AK 99518

**Tinaa Corporation**

320 West Willoughby Avenue  
Suite 300  
Juneau, AK 99801

#### ALABAMA (4)

**Demopolis Federal Credit Union**

Post Office Box 727  
Demopolis, AL 36732

**Federation of Greene County Employees' Federal Credit Union**

Post Office Box 543  
Eutaw, AL 35462

**Prichard Federal Credit Union**

Post Office Box 10576  
Prichard, AL 36610

**Stillman Community Development Federal Credit Union**

Post Office Box 3148  
Tuscaloosa, AL 35403

#### ARKANSAS (2)

**Southern Development Bancorporation**

605 Main Street  
Arkadelphia, AR 71923

**College Station Community Federal Credit Union**

Post Office Box 599  
College Station, AR 72053

#### ARIZONA (3)

**Hopi Credit Association**

Post Office Box 1259  
Keams Canyon, AZ 86034

**PPEP Microbusiness and Housing Development Corporation**

802 E. 46th Street  
Tucson, AZ 85713

**First American Credit Union**

Post Office Box 1169  
Window Rock, AZ 86515

#### CALIFORNIA (14)

**The Clearinghouse CDFI**

23861 El Toro Road  
Suite 207  
Lake Forest, CA 92630

**Community Thrift & Loan**

5444 East Olympic Boulevard  
Los Angeles, CA 90022

**FAME Assistance Corporation (d.b.a. FAME Renaissance)**

2270 South Harvard Boulevard  
Los Angeles, CA 90018

**NHS Neighborhood Lending Services**

3111 South Flower Street  
Los Angeles, CA 90007

**South Central People's Federal Credit Union**

3001 West Vernon Avenue  
Los Angeles, CA 90008

**Community Bank of the Bay**

492 Ninth Street, Suite 260  
Oakland, CA 94607

**Rural Community Assistance Corporation**

2125 19th Street, Suite 203  
Sacramento, CA 95818

**ACCION San Diego**

1250 6th Avenue, Suite 1000  
San Diego, CA 92101-4313

**Mission Area Federal Credit Union**

2940 16th Street, Suite 305  
San Francisco, CA 94103

**Northeast Community Federal Credit Union**

19 Walter U. Lum Place  
San Francisco, CA 94108

**Northern California Community Loan Fund**

383 Rhode Island Street  
San Francisco, CA 94103

**The Low Income Housing Fund**

74 New Montgomery Street,  
Suite 250  
San Francisco, CA 94105

**Lenders for Community Development**

111 West Saint John Street,  
Suite 230  
San Jose, CA 95113

**Santa Cruz Community Credit Union**

512 Front Street  
Santa Cruz, CA 95060

#### COLORADO (2)

**Colorado Enterprise Fund**

(formerly Greater Denver Local Development Corporation)  
1888 Sherman Street  
Suite 530  
Denver, CO 80201-2135

**Saguache County Credit Union**

Highway 17  
Post Office Building  
PO Box 337D  
Moffat, CO 81143

#### CONNECTICUT (4)

**Connecticut Housing Investment Fund, Inc.**

121 Tremont Street  
Hartford, CT 06105

**Cooperative Fund of New England**

Post Office Box 412  
Hartford, CT 06141-0412

**Housing Development Fund of Lower Fairfield County, Inc.**

300 Main Street  
Stamford, CT 06901

**Need Action Federal Action  
Credit Union**

106 Grove Street  
Waterbury, CT 06710

**DISTRICT OF COLUMBIA  
(4)**

**FINCA USA, Inc.**

1101 14<sup>th</sup> Street, NW  
11<sup>th</sup> Floor  
Washington, DC 20005

**Housing Assistance Council**

1025 Vermont Avenue, NW,  
Suite 606  
Washington, DC 20005

**Unitarian Universalist  
Affordable Housing  
Corporation**

2201 P Street, NW  
Washington, DC 20037

**Washington Area  
Community Investment  
Fund**

2201 P Street, NW  
Washington, DC 20037

**DELAWARE (2)**

**First State Community  
Loan Fund**

300 Delaware Avenue  
Suite 219  
Wilmington, DE 19801

**Intrust USA, Ltd.**

Three Mill Road, Suite 105  
Wilmington, DE 19806

**FLORIDA (4)**

**Lee County Employment &  
Economic Development  
Corporation**

2121 West First Street  
Fort Myers, FL 33902-2285

**BAC Funding Corporation**

6600 NW 27th Avenue  
Miami, FL 33147

**Florida Community Loan  
Fund, Inc.**

Post Office Box 22332  
St. Petersburg, FL 33742

**Tampa Bay Community  
Reinvestment Corporation**

1111 N. Westshore Boulevard,  
Suite 103  
Tampa, FL 33607

**GEORGIA (3)**

**Mutual Federal Savings  
Bank**

205 Auburn Avenue, NE  
Atlanta, GA 30335-5301

**Savannah Community  
Development Corporation**

31 W. Congress Street  
Suite 100  
Savannah, GA 31401

**Unified Singers Federal  
Credit Union**

517 Campbell Street  
Thomasville, GA 31799

**ILLINOIS (17)**

**ACCION Chicago**

3811 West 26th Street  
2nd Floor  
Chicago, IL 60623

**Austin/West Garfield  
Federal Credit Union**

4909 W. Division Street  
Suite 100  
Chicago, IL 60651

**CANDO's Citywide  
Development Corporation**

343 S. Dearborn Street  
Suite 910  
Chicago, IL 60604-3808

**Chicago Community Loan  
Fund**

343 S. Dearborn, Suite 1001  
Chicago, IL 60604

**Community Investment  
Corporation**

222 S. Riverside Plaza  
Suite 2200  
Chicago, IL 60606

**Illinois Facilities Fund**

300 West Adams Street  
Chicago, IL 60606

**Israel Methcomm Federal  
Credit Union**

7620 South Cottage Grove  
Chicago, IL 60619

**National Community  
Investment Fund**

1950 East 71st Street  
Chicago, IL 60649-2096

**National Equity Fund, Inc.**

547 West Jackson Boulevard  
Chicago, IL 60661

**Neighborhood Housing  
Services of Chicago, Inc.**

747 North May Street  
Chicago, IL 60622

**Nonprofit Financial Center**

111 West Washington Street  
Suite 1221  
Chicago, IL 60602

**NorthSide Community  
Federal Credit Union**

4138 N. Sheridan Road  
Chicago, IL 60613

**Partners for Community  
Investment**

2929 South Wabash Avenue  
Suite 200  
Chicago, IL 60616

**Sable Bancshares, Inc.**

1111 South Homan Avenue  
Chicago, IL 60624

**The Shorebank Corporation**

7054 South Jeffrey Boulevard  
Chicago, IL 60649-2096

**The South Shore Bank of  
Chicago**

71<sup>st</sup> & Jeffery Boulevard  
Chicago, IL 60649-2096

**Neighborhood and Family  
Investment Fund**

16333 South Halsted  
Harvey, IL 60426

**INDIANA (3)**

**Eastside Community Fund,  
Inc.**

26 North Arsenal Avenue  
Indianapolis, IN 46201

**Indianapolis Neighborhood  
Housing Partnership**

3550 North Washington  
Boulevard  
Indianapolis, IN 46205-3719

**Near Eastside Community  
Federal Credit Union**

2230 East 10th Street  
Indianapolis, IN 46201-2006

**KANSAS (2)**

**Douglass Bancorp, Inc.**

1314 North 5th Street  
Kansas City, KS 66101

**Communities United Credit  
Union**

1755 North Hillside  
Wichita, KS 67214

**KENTUCKY (6)**

**Central Appalachia Peoples  
Federal Credit Union**

1835 Big Hill Road  
P.O. Box 504  
Berea, KY 40403

**Federation of Appalachian  
Housing Enterprises**

1835 Big Hill Road, Drawer B  
Berea, KY 40403

**Community Ventures Corporation**

1450 North Broadway  
Lexington, KY 40505

**Kentucky Highlands Investment Corporation**

Post Office Box 1738  
London, KY 40743-1738

**Louisville Development Bancorp, Inc.**

2901 West Broadway  
Louisville, KY 40251

**Mountain Economic Development Fund, Inc.**

201 South Main Street  
Winchester, KY 40391

**LOUISIANA (1)**

**Gulf Coast Business and Industrial Development Corporation**

8752 Quarters Lake Road  
Baton Rouge, LA 70809

**MAINE (1)**

**Coastal Enterprises, Inc.**

Water Street  
Post Office Box 268  
Wiscasset, ME 04578

**MARYLAND (5)**

**Baltimore Regional Community Development Corporation**

601 N. Howard Street  
Baltimore, MD 21201

**Development Credit Fund, Inc.**

2530 N. Charles Street  
Suite 200  
Baltimore, MD 21218

**Enterprise Social Investment Corporation**

10227 Wincopin Circle  
Columbia, MD 21044

**The Enterprise Foundation**

10227 Wincopin Circle  
Columbia, MD 21044

**McAuley Institute**

8300 Colesville Road  
Suite 310  
Silver Spring, MD 20910

**MASSACHUSETTS (8)**

**Boston Bank of Commerce**

133 Federal Street  
Boston, MA 02110

**Working Capital**

99 Bishop Allen Drive  
Cambridge, MA 02139

**Jobs for Fall River, Inc.**

One Government Center  
Fall River, MA 02722

**Western Massachusetts Enterprise Fund**

308 Main Street, Suite 2-B  
Greenfield, MA 01301

**Boston Community Capital**  
(formerly BCLF, Inc.)

30 Germania Street  
Jamaica Plain, MA 02130

**Boston Community Loan Fund, Inc.**

30 Germania Street  
Jamaica Plain, MA 02130

**D. Edward Wells Federal Credit Union**

864 State Street  
Springfield, MA 01109

**Institute for Community Economics**

57 School Street  
Springfield, MA 01105-1331

**MICHIGAN (3)**

**Neighborhoods, Inc. of Battle Creek**

47 North Washington Avenue  
Battle Creek, MI 49017

**Community Capital Development Corporation**

711 North Saginaw Street  
Suite 123  
Flint, MI 48503

**Michigan Housing Trust Fund**

5829 Executive Drive  
Lansing, MI 48911

**MINNESOTA (9)**

**Anoka County Capital Fund**

299 Coon Rapids Boulevard,  
Suite 12  
Coon Rapids, MN 55433

**Northeast Ventures Corporation**

802 Alworth Building  
302 West Superior Street  
Duluth, MN 55802

**Northland Foundation**

Providence Building  
332 West Superior Street  
Suite 600  
Duluth, MN 55802

**Central Minnesota Initiative Fund**

70 Southeast First Avenue  
Little Falls, MN 56345

**Minneapolis Consortium of Community Developers**

1808 Riverside Avenue  
Suite 206  
Minneapolis, MN 55454

**Northcountry Cooperative Development Fund**

1219 University Avenue, SE  
Minneapolis, MN 55414

**Southside Neighborhood Housing Services of Minneapolis, Inc.**

3137 Chicago Avenue South  
Minneapolis, MN 55407

**Wendell Phillips Community Development Federal Credit Union**

1014 East Franklin Avenue  
South  
Minneapolis, MN 55404

**Northeast Entrepreneur Fund, Inc.**

Olcott Plaza  
820 Ninth Street North  
Suite 140  
Virginia, MN 55792

**MISSISSIPPI (5)**

**Delta Foundation, Inc.**

819 Main Street  
Greenville, MS 38707

**Enterprise Corporation of the Delta**

308 East Pearl Street  
4th Floor  
Jackson, MS 39201

**Jackson/Hinds Minority Capital Fund, Inc.**

207 W. Amite Street, Suite 401  
Jackson, MS 39201

**Quitman County Federal Credit Union**

201 Humphrey Street  
Post Office Box 277  
Marks, MS 38646

**East Mississippi Development Corporation**

910 Highway 19 North  
Meridian, MS 39307

**MISSOURI (1)**

**Rehabilitation Loan Corporation**

6285 Paseo Boulevard  
Kansas City, MO 64110

**MONTANA (1)**

**Montana Community Development Corporation**  
(formerly Montana Western Region Economic Development Group)  
127 North Higgins Avenue,  
Suite 301  
Missoula, MT 59802

**NEBRASKA (1)**

**Omaha 100, Incorporated**  
2424 Cuming Street  
Omaha, NE 68131-1600

**NEW HAMPSHIRE**

**New Hampshire Community Loan Fund, Inc.**  
79 South State Street  
Post Office Box 800  
Concord, NH 03302-0800

**NEW JERSEY (5)**

**Camden Community Credit Union**  
423 Market Street  
Camden, NJ 08102

**Cooperative Business Assistance Corporation**  
433 Market Street, Suite 201  
Camden, NJ 08102

**New Community Development Loan Corporation**  
233 West Market Street  
Newark, NJ 07103

**New Community Federal Credit Union**  
233 West Market Street  
Newark, NJ 07103

**New Jersey Community Loan Fund**  
One West State Street  
Post Office Box 1655  
Trenton, NJ 08607

**NEW MEXICO (2)**

**ACCION New Mexico**  
320 Gold Street Southwest,  
Suite 400  
Albuquerque, NM 87102

**New Mexico Community Development Loan Fund**  
Post Office Box 705  
Albuquerque, NM 87103

**NEW YORK (30)**

**Capital District Community Loan Fund**  
340 First Street  
Albany, NY 12206

**BHA Residents Community Development Federal Credit Union**

35 Exchange Street  
Post Office Box 1906  
Binghamton, NY 13902

**Bethex Federal Credit Union**

20 East 179th Street,  
Basement  
Bronx, NY 10453

**Credit Incorporated**  
370 East 149th Street  
Bronx, NY 10455

**ACCION New York**  
235 Havemeyer Street  
2<sup>nd</sup> Floor  
Brooklyn, NY 11211

**Brooklyn Ecumenical Federal Credit Union**  
541 Atlantic Avenue  
Brooklyn, NY 11217

**Central Brooklyn Federal Credit Union**  
1205 Fulton Street  
Brooklyn, NY 11216

**Community Capital Bank**  
111 Livingston Street  
Brooklyn, NY 11201

**North/East Brooklyn Community Capital Corporation**  
116 Williams Avenue  
Brooklyn, NY 11207

**Alternatives Federal Credit Union**  
301 West State Street  
Ithaca, NY 14850

**Greater Jamaica Local Development Company, Inc.**  
90-04 161st Street  
Jamaica, NY 11432

**Central Harlem Local Development Corporation**  
131 West 138<sup>th</sup> Street  
New York, NY 10030

**Corporation for Supportive Housing**  
342 Madison Avenue  
Suite 505  
New York, NY 10173

**Grow America Fund, Inc.**  
317 Madison Avenue  
Suite 1500  
New York, NY 10017

**Homesteaders Federal Credit Union**

40 Prince Street  
New York, NY 10012

**Local Initiatives Support Corporation**

733 Third Avenue  
New York, NY 10017

**Lower East Side People's Federal Credit Union**

37 Avenue B  
New York, NY 10009

**National Federation of Community Development Credit Unions**

120 Wall Street, 10th Floor  
New York, NY 10005-3902

**Neighborhood Housing Services of New York City, Inc.**

121 West 27<sup>th</sup> Street, 4<sup>th</sup> Floor  
New York, NY 10001

**Neighborhood Trust Federal Credit Union**

656 West 181<sup>st</sup> Street  
Suite 1A  
New York, NY 10033

**Nonprofit Facilities Fund**  
70 W. 36th Street - 11th Floor  
New York, NY 10018-8007

**Renaissance Economic Development Corporation**  
180 Eldridge Street  
New York, NY 10002

**Seedco**  
915 Broadway, Suite 1703  
New York, NY 10010

**The Parodneck Foundation, Inc.**

121 Sixth Avenue, Suite 501  
New York, NY 10013

**Union Settlement Federal Credit Union**

237 East 104th Street  
New York, NY 10029

**Washington Heights and Inwood Development Corporation**

57 Wadsworth Avenue  
New York, NY 10033

**Women's Venture Fund, Inc.**

34 East 70 Street  
New York, NY 10021

**Adirondack Economic Development Corporation**

Trudeau Road  
Post Office Box 747  
Saranac Lake, NY 12983

**Syracuse Neighborhood Housing Services, Inc.**  
1723 South Salina Street  
Syracuse, NY 13205

**Leviticus 25:23 Alternative Fund, Inc.**  
928 McLean Avenue  
Yonkers, NY 10704-4103

#### **NORTH CAROLINA (11)**

**Tri County Credit Union**  
Post Office Box 754  
Ahoski, NC 27910

**School Workers Federal Credit Union**  
431 Beatties Ford Road  
Post Office Box 16285  
Charlotte, NC 28297

**Self-Help Credit Union**  
301 West Main Street  
Durham, NC 27702-3619

**Self-Help Ventures Fund**  
301 West Main Street  
Durham, NC 27702-3619

**Chowan Credit Union**  
Post Office Box 627  
Edenton, NC 27932

**College Heights Credit Union**  
1503 Murchison Road  
Fayetteville, NC 28301

**Gateway Community Development Credit Union**  
314 S. Garnett Street  
Henderson, NC 27536

**Rowan-Iredell Area Credit Union**  
1300 W. Bank Street  
Salisbury, NC 28144

**St. Luke Credit Union**  
302 Granville Street  
Post Office Box 548  
Windsor, NC 27983

**Micro-Enterprise Loan Program of Winston-Salem Forsyth County, Inc.**  
1001 S. Marshall Street  
Suite 32  
Winston-Salem, NC 27101

**Victory-Masonic Mutual Credit Union**  
1225 E. Fifth Street  
Winston-Salem, NC 27102-0232

#### **OHIO (7)**

**Enterprise Community Fund**  
550 South Arlington Street  
Akron, OH 44306

**Appalachian Development Federal Credit Union**  
900 East State Street, Suite 101  
Athens, OH 45701

**Faith Community United Credit Union, Inc.**  
3550 E. 93rd Street  
Cleveland, OH 441051644

**ShoreBank, Cleveland**  
540 East 105<sup>th</sup> Street  
Cleveland, OH 44108

**The Columbus Growth Fund, Inc.**  
941 Chatham Lane  
Suite 207  
Columbus, OH 43221

**Enterprise Development Corporation**  
9030 Hocking Hills Drive  
The Plains, OH 45780

**Toledo Urban Federal Credit Union**  
Post Office Box 351295  
Toledo, OH 43635

#### **OKLAHOMA (3)**

**Rural Enterprises, Inc.**  
Post Office Box 1335  
Durant, OK 74702

**Neighborhood Housing Services of Oklahoma City, Inc.**  
2915 N. Classen Boulevard,  
Suite 320  
Post Office Box 60327  
Oklahoma City, OK 73146-0327

**Tulsa Economic Development Corporation**  
907 South Detroit, Suite 1001  
Sun Oil Building  
Tulsa, OK 74120

#### **OREGON (1)**

**Albina Community Bancorp**  
1130 N.E. Alberta  
Portland, OR 97211

#### **PENNSYLVANIA (7)**

**Aliquippa Regional Credit Union**  
392 Franklin Avenue  
Aliquippa, PA 15001

**Delaware Valley Community Reinvestment Fund, Inc.**  
924 Cherry Street  
Philadelphia, PA 191072405

**National Community Capital Association**  
(formerly National Association of Community Development Loan Funds)  
924 Cherry Street  
Philadelphia, PA 19107

**Philadelphia Neighborhood Housing Services, Inc.**  
511 N. Broad Street - 4th Floor  
Philadelphia, PA 19123

**United Bank of Philadelphia**  
714 Market Street  
Philadelphia, PA 19106

**Community Loan Fund of Southwestern Pennsylvania, Inc.**  
48 South 14th Street  
Pittsburgh, PA 15203

**Washington County Council on Economic Development**  
703 Couthouse Square  
Washington, PA 15301

#### **PUERTO RICO (1)**

**Corporacion Para El Desarrollo Económico, Urbano Y Vivienda E Industrial De Catano, Inc.**  
Post Office Box 630577  
Catano, PR 00963

#### **SOUTH DAKOTA (1)**

**Northeast South Dakota Energy Conservation Corporation**  
414 Third Avenue East  
Sisseton, SD 57262-1598

#### **TENNESSEE (1)**

**Chattanooga Neighborhood Enterprise**  
535 Chestnut Street, Suite 100  
Chattanooga, TN 37402-4098

#### **TEXAS (10)**

**East Austin Community Federal Credit Union**  
1704 East 12th Street  
Austin, TX 78702

**Greater Brownsville Community Development Corporation**  
1150 E. Adams - Second Floor  
Brownsville, TX 78520

**Neighborhood Housing  
Services of Dimmit County,  
Inc.**

301 Pena Street  
Carrizo Springs, TX 78834

**Southern Dallas  
Development Corporation**

1402 Corinth Street  
Suite 1150, LB135  
Dallas, TX 75215

**ACCION El Paso**

7744 North Loop Road  
El Paso, TX 79915

**Greater Houston Small  
Business Equity Fund, Inc.**

401 Studewood, Suite 200  
Houston, TX 77007

**ACCION Texas, Inc.**

109 N. San Saba  
San Antonio, TX 78205

**Rural Development and  
Finance Corporation  
(formerly National Rural  
Development and Finance  
Corporation)**

711 Navarro Street, Suite 350  
San Antonio, TX 78205-1721

**San Antonio Business  
Development Fund, Inc.**

4011 San Pedro, Suite 201  
San Antonio, TX 78212

**Weslaco Catholic Federal  
Credit Union**

302 W. Llano Grande  
Weslaco, TX 78596

**UTAH (1)**

**Salt Lake Neighborhood  
Housing Services**

622 West 500 North  
Salt Lake City, UT 84116

**VIRGINIA (3)**

**Ethiopian Community  
Development Council, Inc.**

1038 South Highland Street  
Arlington, VA 22204

**Richmond Neighborhood  
Housing Services, Inc.**

128 West Brookland Park  
Boulevard  
Richmond, VA 23222

**Virginia Community  
Development Loan Fund**

1624 Hull Street  
Richmond, VA 23224

**VERMONT (2)**

**Vermont Development  
Credit Union**

95 North Avenue  
Burlington, VT 05401

**Vermont Community Loan  
Fund, Inc.**

7 Court Street (05602)  
Post Office Box 827  
Montpelier, VT 05601

**WASHINGTON (1)**

**Cascadia Revolving Fund**

119 First Avenue South  
Suite 100  
Seattle, WA 98104

**WISCONSIN (2)**

**Martin Luther King  
Economic Development  
Corporation**

2821 North 4th Street  
Suite 208  
Milwaukee, WI 53212

**Racine Development Group**

4701 Washington Avenue,  
Suite 215  
Racine, WI 53406



## Appendix C

### Glossary of Budget and Accounting Terms and Definitions

Accounts Payable	<i>The amount owed by the reporting entity for goods and services received.</i>
Appropriations	<i>Authority given to Federal agencies to incur obligations and to make payments from Treasury for specified purposes.</i>
Authorization (Authorizing Legislation)	<i>An Act of Congress that establishes or continues a federal program or agency either for a specified period of time or indefinitely; specifies its general goals and conduct; and usually sets a ceiling on the amount of budget authority that can be provided in an annual appropriation. An authorization for an agency or program usually is required before an appropriation for the same agency or program can be passed.</i>
Carryover	<i>The unobligated amounts at the end of a fiscal year for unexpired accounts.</i>
Contingencies	<i>An existing condition, situation, or set of circumstances which poses the possibility of a loss to an agency that will ultimately be resolved when one or more future events occur or fail to occur.</i>
Assets	<i>Assets which the reporting entity has authority to use in its operations. Management has the authority to decide how funds are used, or management is legally obligated to use funds to meet entity operations, e.g., repay loans from the Treasury.</i>
Expended Appropriation	<i>The amount of expenditures (outlays) during the current fiscal year net of refunds to the appropriation made from general funds, specific funds, and trust funds.</i>
Expenditure	<i>Value of goods and services ordered and obligated which have been received.</i>
Expense	<i>The outflow of assets or incurrence of liabilities (or both) during a period as a result of rendering services, delivering or producing goods, or carrying out other normal operating activities.</i>
Fiscal Year	<i>Any yearly accounting period, regardless of its relationship to a calendar year. The fiscal year for the Federal Government begins October 1 and ends on September 30.</i>
Governmental Assets	<i>Assets that arise from transactions of the Federal Government or an entity of the federal government with nonfederal entities. The term "nonfederal entities" encompasses domestic and foreign persons and organizations outside the U. S. Government.</i>
Governmental Liabilities	<i>These liabilities are claims against the entity by non-federal entities.</i>
Intragovernmental Liabilities	<i>These liabilities are claims against the entity by other federal entities.</i>

Obligated Balance	<i>The amount of obligations already incurred for which payment has not yet been made. This balance can be carried forward indefinitely until the obligations are paid.</i>
Obligation	<i>Spending commitment made by the Federal Government that will require an outlay either immediately or in the future.</i>
Obligational Authority	<i>The sum of (1) budget authority provided for a given fiscal year, (2) unobligated balances of amounts brought forward from prior years, (3) amounts of offsetting collections to be credited to specific funds or accounts during that year, and (4) transfers between funds or accounts.</i>
Outlays	<i>The issuance of checks, disbursement of cash, or electronic transfer of funds made to liquidate a federal obligation.</i>
Performance Measures	<i>An entity's program and financial results expressed in terms of objective relative measures that disclose the extent to which its programs are achieving their intended objectives. Financial measures summarize results in a manner that illustrate significant indicators of financial operations for a specified reporting period and changes in financial conditions during that period.</i>
Statements of Federal Financial Accounting Concepts (SFFAC) and Standards (SFFAS)	<i>Provides the financial concepts and the recognition and measurement requirements to follow when preparing the principal statements.</i>
Transfers in	<i>An intragovernmental transfer of cash or other capitalized assets without reimbursement.</i>
Transfers out	<i>An intragovernmental transfer of cash or of other capitalized assets without reimbursement.</i>
U.S. Government Standard General Ledger	<i>Provides a uniform chart of accounts to be used to standardize Federal agency accounting and to support the preparation of standard external reports.</i>
Undelivered Orders	<i>The value of goods and services ordered and obligated which have not been received.</i>
Unexpended Appropriation	<i>The amount of budget authority unspent and still available for conversion into outlays in the future; the sum of the obligated and unobligated balance.</i>
Unobligated Balance	<i>The portion of budget authority that has not yet been obligated. In one-year accounts the unobligated balance expires (ceases to be available for obligation) at the end of the fiscal year. In multiple-year accounts, the unobligated balance may be carried forward and the unobligated balance is carried forward indefinitely until specifically rescinded by law or until the purposes for which it was provided have been accomplished.</i>

## CDFI Fund Management Officials

Director.....Ellen Lazar

Deputy Director for Management/CFO ..... Paul Gentile

Deputy Director for Policy and Programs.....Maurice Jones

## Advisory Board Members

(During Fiscal Year 1997)

### **John A. Litzenberg, Chair**

Charles Stewart Mott Foundation

### **Frank T. Ballesteros**

PPEP Microbusiness, Housing &  
Development Corporation, Inc.

### **Arthur C. Campbell**

Department of Agriculture

### **Richard S. Carnell**

Department of the Treasury

### **Ada E. Deer**

Department of the Interior

### **Connie E. Evans**

Women's Self-Employment Project

### **Patricia Forbes**

Small Business Administration

### **Jacqueline L. Johnson**

Tlingit-Haida Regional Housing Authority

### **Clara G. Miller**

National Association of Community  
Development Loan Funds

### **Larry Parks**

Commerce Department

### **Carol J. Parry**

Chemical Bank

### **Nicolas P. Retsinas**

Department of Housing and  
Urban Development

### **George P. Surgeon**

Shorebank Corporation

### **John E. Taylor**

National Community Reinvestment Coalition

For Additional Information  
Contact:

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